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Counsel to Bradley D. Sharp, Chapter 11 Trustee

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

In re

LESLIE KLEIN,

Debtor.

Case No. 2:23-bk-10990-SK

Chapter 11

**NOTICE OF MOTION AND MOTION OF
CHAPTER 11 TRUSTEE FOR ORDER
APPROVING SETTLEMENT BETWEEN
THE TRUSTEE AND A. GESTETNER
FAMILY TRUST AND GESTETNER
CHARITABLE REMAINDER UNITRUST
PURSUANT TO BANKRUPTCY RULE
9019; MEMORANDUM OF POINTS AND
AUTHORITIES; DECLARATION OF
BRADLEY D. SHARP IN SUPPORT
THEREOF**

Date: February 12, 2025

Time: 9:00 a.m.

Place: Courtroom 1575
255 E. Temple Street
Los Angeles, CA 90012

**TO THE HONORABLE SANDRA R. KLEIN, UNITED STATES BANKRUPTCY JUDGE,
THE DEBTOR, A. GESTETNER FAMILY TRUST, GESTETNER CHARITABLE
REMAINDER UNITRUST AND THEIR ATTORNEYS OF RECORD, THE UNITED
STATES TRUSTEE, AND ALL INTERESTED PARTIES:**

PLEASE TAKE NOTICE that Bradley D. Sharp, in his capacity as Chapter 11 Trustee (the
“**Trustee**”) of the bankruptcy estate (the “**Estate**”) of Leslie Klein, the debtor herein (the “**Debtor**”)
hereby moves (the “**Motion**”) the Court for entry of an order pursuant Rule 9019(a) of the Federal

Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) to approve the settlement (“**Settlement**”) by and between the Trustee, on behalf of the Estate, and A. Gestetner Family Trust and Gestetner Charitable Remainder Unitrust (together, “**Gestetner**”, and collectively with the Trustee, the “**Parties**”).

The terms of the Settlement are more fully set forth in the Settlement Agreement attached as **Exhibit 1** to the Declaration of Bradley D. Sharp (the “**Settlement Agreement**”). The principal terms include: (a) Gestetner shall hold a valid and perfected secured claim against the Debtor’s equity interest in Life Capital Group LLC (“**LCG**”); (b) Gestetner’s claim against the Estate shall be allowed as a single secured claim in the amount of \$3,650,000.00 and shall not accrue interest (the “**Allowed Gestetner Claim**”); and (c) any recoveries the Estate receives from LCG on account of Debtor’s interest in LCG are to be shared evenly between the Estate and Gestetner and paid upon approval of this Motion with the balance distributed pursuant to a confirmed chapter 11 plan proposed by the Trustee.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Court’s Scheduling Order, a hearing to consider the Motion has been scheduled for **February 12, 2025 at 9:00 a.m. Pacific Time**, or as soon thereafter as counsel may be heard before the Honorable Sandra R. Klein, United States Bankruptcy Judge, in Courtroom 1575, 255 East Temple Street, Los Angeles, California 90012.

PLEASE TAKE FURTHER NOTICE that the Motion is based on this Notice of Motion and Motion, the Memorandum of Points and Authorities and Declaration of Bradley D. Sharp annexed thereto, the record in this chapter 11 case, as well as any other documentary evidence as may be presented to this Court at or before the hearing.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Court’s Scheduling Order and Local Bankruptcy Rule 9013-1(f), if you wish to oppose the Motion, you must file a written response with the Court and serve a copy of it upon the undersigned counsel no later than **January 21, 2025 at 12 p.m. Pacific Time**. The failure to properly file and serve an opposition may be deemed consent to the relief requested in the Motion or a waiver of any right to oppose the Motion.

WHEREFORE, the Trustee respectfully requests that this Court enter an order (a) granting the Motion; (b) approving the terms of the Settlement as set forth in the Settlement Agreement and the Trustee's execution thereof; and (c) granting the Trustee such other and further relief as the Court deems just and proper.

Dated: January 7, 2025

PACHULSKI STANG ZIEHL & JONES LLP

/s/ John W. Lucas

John W. Lucas

Counsel to Bradley D. Sharp, Chapter 11 Trustee

MEMORANDUM OF POINTS AND AUTHORITIES

I. PRELIMINARY STATEMENT

The Gestetners¹ each filed a proof of claim against the Estate in the approximate amount of \$17.9 million arising from Debtor's execution of a secured promissory note in favor of the Gestetners. Originally, the Gestetners invested in certain life insurance policies owned or controlled by the Debtor but the Debtor subsequently transferred the life insurance policies to Life Capital Group, LLC ("**LCG**"), an entity co-owned by the Debtor's and Shlomo Rechnitz, resulting in LCG owning and controlling the policies. In connection with the transfer, the Debtor executed a secured promissory note in favor of the Gestetners with the Debtor's equity interest in LCG as collateral securing the Debtor's repayment obligations. Thus, absent a settlement, any distributions the Debtor is entitled to from LCG must first be paid to the Gestetners pursuant to the note, security agreement, and certain ancillary agreements discussed herein.

The Trustee obtained discovery, formally and informally, from LCG, the Gestetners, and the Debtor for the purpose of analyzing and assessing the validity of the Gestetner Claim (*i.e.*, both \$17.9 million claims and as defined herein). To that end, on September 4, 2024 [Docket No. 800], the Trustee filed a motion seeking to settle the Gestetner Claims with an allowed claim in the amount of \$4.2 million secured by the Debtor's equity interest in LCG. The original motion was met with oppositions filed by the Vagos, Mermelsteins, and Berger [Docket Nos. 805, 808, 809, and 811]. In response, the Trustee filed a reply [Docket Nos. 813, 814, and 815]. Because the Trustee raised new substantive evidence and legal issues in the reply, the Court gave the Trustee the choice of proceeding on the original motion (but without the Court's consideration of the reply) or refile the Motion so that any party in interest could respond to the all evidence and legal issues raised in the Trustee's motion. The Trustee elected not to proceed but instead to delay the filing of the new

¹ A. Gestetner Family Trust (the "**Family Trust**") and Gestetner Charitable Remainder Unitrust (the "**Remainder Trust**") together with Family Trust, the "**Gestetners**").

1 motion so that he could meet and negotiate with the opposing parties (and ultimately the Gestetners)
2 with the goal of reaching a consensual resolution of the Gestetner Claim.

3 The Trustee produced certain documents sought by the opposing parties and met with their
4 respective counsels in person. While the Trustee and the opposing parties were not able to reach a
5 resolution that would be acceptable to the Gestetners, the opposing parties, and the Trustee, the
6 Trustee was able to reach a revised settlement with the Gestetners that the Trustee believes is
7 reasonable and beneficial to the Estate.
8

9 As set forth in greater detail herein, the current settlement provides that the Gestetners will
10 have a single claim in the amount of \$3,650,000.00 (which is a \$550,000.00 reduction from the prior
11 settlement) (the “**Allowed Gestetner Claim**”) that is secured by the Debtor’s equity interest in LCG.
12 The Settlement provides that all distributions from LCG to the Estate will be shared 50/50 with the
13 Estate (as opposed to paying the Gestetner Claim first) until such claim is paid in full without the
14 accrual of any interest, and after the claim is paid the Estate will receive the remainder of any further
15 distributions from LCG for the benefit of the Estate and its creditors.
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17 As of the date of this Motion, the Trustee estimates that the value of the Estate’s interest in
18 LCG is \$15,200,000.00. Assuming all of the policies held by LCG matured as of the date of this
19 Motion and the Gestetners are paid \$3,650,000.00 per the terms of the proposed settlement, the value
20 of the Estate’s estimated interest is approximately \$13,737,984.00, which includes the payment of
21 the “Initial LCG Distribution” in the amount of \$2,187,985.00 that is being split 50/50 between the
22 Estate and the Gestetners.
23

24 Absent a settlement and if the Gestetners prevailed on their secured claim, the Trustee
25 estimates that the Gestetner Claim, as secured could range in value from \$8.9 million to \$17.9. If the
26 claim were allowed in the amount of the lower-end range and paid first as a secured claim the
27 Estate’s estimated interest in LCG would be approximately \$5,893,339.00 (as opposed to the \$13.7
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1 million) If the claim was allowed at the upper-end of the range all of the Estate's interest in LCG
2 would be consumed by the Gestetner Claim.

3 Ultimately, the fees, risks, and delays associated with litigating these issues would
4 significantly diminish the recovery of any judgment obtained by the Trustee on behalf of the Estate.
5 Given the likelihood of meaningful litigation expenses needing to be incurred, the Trustee was aware
6 that without settlement, there existed a reasonable risk that any net recovery ultimately made by the
7 Estate could result in a modest net recovery or worse. Thus, for the reasons set forth herein, the
8 Trustee request authorization to enter into the Settlement allowing the Gestetners' claim in the
9 amount of \$3,650,000.00 on the terms set forth herein.
10

11 **II. THE GESTETNER CLAIM**

12 **A. Gestetner Proofs of Claim**

13 The A. Gestetner Family Trust (the "Family Trust") and Gestetner Charitable Remainder
14 Unitrust (the "Remainder Trust" together with Family Trust, the "Gestetners") filed two proofs of
15 claim (Claim Nos. 29-1 and 30-1, respectively, and together the "Gestetner Claim") each in the
16 amount of \$17,982,955 arising from an initial investment in certain insurance policies that was
17 eventually converted into a promissory note by the Debtor in favor of the Gestetners.
18

19 **B. Funding of the Gestetner Loan**

20 As reflected in the *Declaration of Freddie Morsel* (the "Morsel Declaration"), which was
21 filed contemporaneously herewith, the Remainder Trust was the owner of certain real property that
22 was the subject of a sale. The closing statement annexed to the Morsel Declaration reflects that the
23 seller (i.e., the Remainder Trust) was entitled to approximately 50% of more than \$7,500,000.00 in
24 sale proceeds. A ledger reflecting Gestetner as the account holder and the address of the real
25 property that was the subject of the sale (the "Gestetner Ledger") was annexed to the closing
26 statement. The Gestetner Ledger reflects that a wire in the amount \$3,659,507.10 was sent to the
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Debtor on or about October 10, 2005, which is equal to approximately 50% of the sale proceeds that the Remainder Trust was entitled to from the sale as reflected in the closing statement.

On October 11, 2005, a bank account statement (the “**Bank Statement**”) for an account controlled by the Debtor reflects that the Debtor received a wire in the amount of \$3,659,507.10 (the exact amount reflected in the Gestetner Ledger to the penny).² A true and correct copy of the Bank Statement is annexed as **Exhibit 2** to the *Declaration of Bradley D. Sharp* (the “**Sharp Declaration**”).

On December 1, 2005, the Debtor sent a letter (the “**Dec. 1, 2005 Letter**”) to Andor Gestetner (“**Andor**”) regarding the total amount of his recent investments from the trust that he controlled. A true and correct copy of the Dec. 1, 2005 Letter is annexed to the Sharp Declaration as **Exhibit 3**. The Dec. 1, 2005 Letter reflects that the Debtor acknowledged that Gestetner had invested \$4,267,507 with the Debtor.

The Trustee believes that by Gestetner Ledger, the Bank Statement, and the December 1, 2005 Letter, that it is reasonable to conclude that the Debtor received no less than \$3,659,507.10 from the Gestetners.³

C. Acknowledgement of Transferring Policies to Life Capital Group

At the time Gestetner made his investment with the Debtor, the Debtor had not yet formed LCG. It is the Trustee’s understanding that, between 2005 and 2011, the Debtor owned or controlled certain life insurance policies that were the subject of the Gestetners’ investment with the Debtor. On June 20, 2016, the Debtor acknowledged that he had transferred certain life insurance policies to LCG by memorializing how the Remainder Trust’s investment would be repaid (the “**LCG Transfer Agreement**”). A true and correct copy of the LCG Transfer Agreement is annexed as **Exhibit 4** to the Sharp Declaration.

² On October 14, 2005, the same bank account statement reflects that the Debtor received a deposit in the amount of \$608,000, which together with the \$3,659,507.10 transfer equals the approximate amount the Debtor confirmed to the Gestetners in the Dec. 1, 2005 Letter. However, Gestetner is not seeking to enforce the \$608,000 loan/investment with the Debtor but only \$3,650,000.00 of the \$3,659,507.10 the Debtor received.

³ Notably, the authenticity of the Gestetner Ledger is reinforced by the timing of the various productions. At the time Gestetner produced the Gestetner Ledger, they were not aware that the Menlo Parties had or would produce the Debtor’s bank statements reflecting the receipt of \$3,659,507.10 (the exact amount reflected in the Gestetner Ledger to the penny) the next day.

1 The LCG Transfer Agreement reflects that the Remainder Trust (*i.e.*, the same party the
2 transferred cash to the Debtor in connection with the sale reflected in the Morsel Declaration) had
3 invested \$3,700,000.00 in life insurance policies owner by the Debtor at the time of the investment
4 and that such policies were transferred to LCG. The reference to \$3,700,000.00 is approximately the
5 same amount that is reflected on the Gestetner Ledger and the Bank Statement. The LCG Transfer
6 Agreement also reflects that Remainder Trust would receive 10% interest from the original date of
7 the investment on its investment when the policies held by LCG matured, which, as reflected by the
8 Gestetner Ledger, Bank Statement, and the Dec. 1, 2005 Letter, was likely to be October 11, 2005.

9 As of June 20, 2016, per the terms of the LCG Transfer Agreement, the interest that accrued
10 on Remainder Trust's approximate \$3,659,507.10 investment totaled approximately \$3,964,466.02.
11 Combined with the initial investment, the Debtor owed the Remainder Trust approximately
12 \$7,623,973.12.

13 **D. The Note, Security Agreement, and Ancillary Agreements**

14 On September 1, 2016, the Debtor executed a promissory note and security agreement (the
15 "**Note**") in a favor of Andor⁴ and the Remainder Trust in the principal amount of \$9,630,000 that
16 accrued interest at 13% per annum. A true and correct copy of the Note is annexed as **Exhibit 6** to
17 the Sharp Declaration. The Note reflects that the principal amount arose from Andor's and the
18 Remainder Trust's initial investment with the Debtor in the approximate amount of \$4,200,000.00.

19 By the Note, the Debtor granted the Gestetners a security interest in the Debtor's equity
20 interest in LCG. The initial UCC financing statement (the "**UCC Financing Statement**") and its
21 renewal are annexed as **Exhibit 7** to the Sharp Declaration.

22 In connection with the execution of the Note, LCG was party to a memorandum of
23 understanding (the "**Lien Acknowledgement**") wherein LCG expressly consented to the Debtor's
24 grant of a security interest to the Gestetners to secure the Debtor's repayment obligations under the
25 Note. A true and correct copy of the Lien Acknowledgement is annexed as **Exhibit 8** to the Sharp
26 Declaration.

27 _____
28 ⁴ On October 18, 2018, Andor assigned his interest in the Note to the Family Trust, which is the other party that filed a
claim against the Debtor. A true and correct copy of the foregoing assignment is annexed to the Sharp Declaration as
Exhibit 5.

1 On September 15, 2016, the Debtor drafted a letter (the “**Sept. 15, 2016 Letter**”) to Andor
2 that again acknowledged the amount of the initial investment (\$4,200,000), the accrual of interest,
3 the offset of distributions, and the final amount owed to Gestetner as of such date. A true and correct
4 copy of the Sept. 15, 2016 Letter is annexed as **Exhibit 9** to the Sharp Declaration. The Sept. 15,
5 2016 Letter reflects that as of September 15, 2016 the Debtor was indebted to the Gestetners in the
6 amount of \$9,630,000.

7 On July 25, 2017, the Debtor executed a supplement to the Note (the “**Supplement**”)
8 wherein the Debtor agreed not to adversely affect the value of LCG. A copy of the Supplement is
9 annexed as **Exhibit 10** to the Sharp Declaration.

10 On March 13, 2019, the Debtor entered into a memorandum of understanding (the “**MOU**”)
11 with Shlomo Rechnitz, LCG, and Andor on behalf of his designees regarding distributions from
12 LCG as they relate to the Note and Supplement. A true and correct copy of the MOU is annexed as
13 **Exhibit 11** to the Sharp Declaration. The MOU again confirms the initial amount of the loan (*i.e.*,
14 \$4,200,000), the accrual of interest from September 1, 2016 to February 28, 2019, and a reduction of
15 the balance of the loan.

16 **E. The High-End of Gestetner Claim and Reduction**

17 After a review of the Debtor’s bank records and the records of his wholly owned law firm
18 (Les Klein & Associates), the Trustee’s advisors were able to locate and review approximately 85
19 checks paid to the Gestetners totaling approximately \$1,091,500. A true and correct copy of a
20 summary of the payments (the “**Payment Summary**”) is annexed as **Exhibit 12** to the Sharp
21 Declaration. Following his review of the Note, Supplement, and the MOU, the Trustee was able to
22 establish the amount outstanding under the Note (using the September 15, 2016 principal amount
23 and interest thereunder) as \$16,891,455.00, as of the date the Gestetners filed the Gestetner Claim. A
24 true and correct copy of the summary of the Claim (“**Claim Summary**”) is annexed as **Exhibit 13** to
25 the Sharp Declaration.

26 After a reduction of the amount reflected in the Payment Summary, the Trustee’s advisors
27 created a timeline (the “**Timeline**”) that reflects the application of the Payment Summary, accrual of
28 interest, and other reductions per the documents described above determining that as of the date the

proof of claim was filed that the Gestetners were owed approximately \$16,891,455.00. A true and correct copy of the Timeline is annexed as **Exhibit 14** to the Sharp Declaration. Given the review of the relevant documents, the Trustee believes that \$16,891,455.00 is the most that the Gestetners could be owed on account of the claims.

F. The Low-End of the Gestetner Claim and Reduction

The Trustee believes that in connection with the less than perfect documentation of the Gestetner Claim that it is best to use the amount that the Remainder Trust invested with the Debtor to arrive at the amount owed to the Gestetner, which as reflected by the Gestetner Ledger, the Bank Statement, and the LCG Transfer Agreement is \$3,659,507.10 (before the accrual of interest and any payments made by the Debtor). Pursuant to the LCG Transfer Agreement, wherein the Debtor acknowledged that the Remainder Trust invested \$3,700,000.00 (accruing interest at 10% from the inception of the investment), the Gestetners would be owed \$3,659,507.10, plus accrued interest at 10% in the amount of \$6,373,630.91 (for a period of 17 years, 5 months) for a total of \$10,033,138.00, less \$1,091,500 for the payments the Debtor made to the Gestetners for a grand total of \$8,941,638.00.

III. SUMMARY OF THE SETTLEMENT

After a thorough review of Claim 29 and Claim 30, which included informal discovery from the Gestetners, discovery from LCG, and the Trustee's forensic review of in-bound and out-bound payments from the Debtor to the Gestetners, the Trustee and the Gestetners agreed to the following:

- The Gestetners shall have a single allowed claim in the amount of \$3,650,000.
- The \$3,650,000 claim shall not accrue interest.
- All distributions received from LCG that would otherwise be payable to the Debtor as a result of his ownership interest in LCG are to be shared evenly between the Estate, on the one hand, and the Gestetners, on the other hand, which includes \$745,353.42 and \$1,442,631.77 (the "**Initial LCG Distribution**") that was distributed to the Trustee from Life Capital Group, and 50% of Initial LCG Distribution would be paid to the Gestetners upon approval of the Motion, with the balance paid pursuant to a chapter 11 plan.
- After the Gestetners have received \$3,650,000 from the Estate on account of distributions from LCG, any further distributions from LCG shall not be shared with the Gestetners; instead, the estate shall retain 100% of any such distributions.
- All distributions other than the 50% sharing of the Initial LCG Distribution will be made pursuant to an approved chapter 11 plan proposed by the Trustee.

- The Trustee or any plan administrator will consult with the Gestetners if either elects to sell the Debtor's interest in LCG.

The above terms are referenced herein as the "**Settlement**." A true and correct copy of the settlement agreement (the "**Settlement Agreement**") is annexed to the Sharp Declaration as **Exhibit**

1.

IV. RELIEF REQUESTED

By this Motion, the Trustee is seeking an order, pursuant Rule 9019 of the Federal Rules of Bankruptcy Procedure, (a) granting the Motion; (b) approving the Settlement and his entry into the Settlement Agreement; and (c) granting the Trustee such other and further relief as the Court deems just and proper. A proposed form of order is annexed hereto as **Exhibit A**.

V. THE SETTLEMENT SHOULD BE APPROVED.

A. Standard of Review for Approval of a Compromise.

Bankruptcy Rule 9019(a) sets forth the requirements for the settlement or compromise of controversies after notice to all creditors and a hearing upon each such proposed compromise. Bankruptcy courts favor compromise. *See In re Sassalos*, 160 B.R. 646, 653 (D. Or. 1993) (stating that "compromises are favored in bankruptcy, and the decision of the bankruptcy judge to approve or disapprove a compromise ... rests in the sound discretion of the bankruptcy judge."). In reviewing a settlement, bankruptcy courts must determine whether the settlement is "fair and equitable" based on an "educated estimate of the complexity, expense, and likely duration of . . . litigation, the possible difficulties of collecting on any judgment which might be obtained and all other factors relevant to a full and fair assessment of the wisdom of the proposed compromise." *Protective Committee v. Anderson*, 390 U.S. 414, 424 (1968). When deciding whether to approve a settlement, the bankruptcy court must determine if the settlement is reasonable under the circumstances of the case, fair and equitable, and in the best interest of the estate. *See Martin v. Kane (In re A & C Props.)*, 784 F.2d 1377, 1381 (9th Cir. 1986). Courts generally should "give[] deference to a trustee's business judgment in deciding whether to settle a matter" for the benefit of the estate." (citations omitted). *In re Douglas J. Roger, M.D., Inc., APC*, ("Roger"), 393 F. Supp. 3d 940, 961 (C.D. Cal.

2019). Under the circumstances of this case, the Settlement as set forth in the Settlement Agreement between the Trustee and Gestetner meets this standard.

The United States Court of Appeals for the Ninth Circuit has indicated that in determining the fairness, reasonableness, and adequacy of a proposed settlement agreement, a court should consider the following factors: (1) the probability of success in litigation; (2) the difficulties, if any, to be encountered in the matter of collection; (3) the complexity of the litigation involved and the expense, inconvenience, and delay necessarily attending it; and (4) the paramount interest of the creditors and the proper deference to their reasonable views in the premises. *See Woodson v. Fireman's Fund Ins. Co. (In re Woodson)*, 839 F.2d 610, 620 (9th Cir. 1988) (quoting *A & C Props.*, 784 F.2d at 1380). It is not necessary that all of the conclusions reached in the consideration of each of the foregoing factors support the settlement, but taken as a whole, those conclusions must favor the approval of the settlement. *See In re Pacific Gas & Elec. Co.*, 304 B.R. 395, 417 (Bankr. N.D. Cal. 2004) (citing *In re WCI Cable, Inc.*, 282 B.R. 457, 473-74 (Bankr. D. Or. 2002)). "Ultimately, the court must determine whether the individual settlement sought to be approved under Bankruptcy Rule 9019(a) falls within the lowest range of reasonableness." *In re TCI2 Holdings, LLC*, 428 B.R. 117, 136 (Bankr. D.N.J. 2010).

In this case, the Trustee negotiated a settlement that preserves the Estate's right to fifty percent of the distributions from LCG while at the same time reducing the low-end of a secured claim in the amount of \$8,941,638.00 to a claim in the amount of \$3,650,000 that will not accrue any additional interest. The Settlement results in an approximate 59% reduction of the Gestetner Claim when using the lowest reasonable range of such claim (or a 71% reduction if the higher end of the range is used, \$16,891,455.00). As set forth below, the Settlement represents a fair and adequate settlement that should be approved by this Court.

B. The Settlement Agreement Satisfies The Rule 9019(a) Standard.

As discussed below, consideration of the foregoing factors support Court approval of the proposed Settlement. First, the Trustee negotiated a settlement that retains 50% of the distributions payable to the Estate from LCG (instead of permitting any allowed claim by the Gestetners to receive the first dollars from LCG). Second, the Allowed Gestetner Claim was reduced in a range of

59% to 71% to a single claim of \$3,650,000. Third, the Allowed Gestetner Claim does not accrue interest even though such claim is secured by collateral that likely has equity.

1. Probability of Success.

The Trustee recognizes that if he had filed an objection to the Gestetner Claim it would not have been resolved without protracted litigation. Furthermore, it was not clear that the Trustee's objections to the Gestetner Claims would have been fully resolved in favor of the Estate.

For example, the Gestetner Claim first arose in 2005 and was later restated in June and September 2016, both more than seven years prior to the Petition Date. In addition, the Debtor acknowledged in connection with numerous acknowledgements, agreements, and documents noted herein that the Gestetners were owed a principal amount of \$4,200,000.00. Without additional bank records from 2005 through 2016 it was not possible for the Trustee to ascertain with certainty that the Gestetners invested \$4,200,000.00. However, the documents do reflect that the Remainder Trust transferred nearly \$3,700,000.00 to the Debtor, which according to the Debtor accrued interest at a rate of no less than 10% per annum. While the Trustee does not believe that the Gestetners would have been able to demonstrate they were owed more than \$16.8 million as reflect in the Gestetner Claims, the Trustee believes that there is a reasonable basis to support the claim (reduced by the Payments) in the amount of \$8,941,638.00, and the Settlement reduces such claim by 59% to \$3,650,000.00.

The Trustee estimates that, as of June 2024, the Estate's interest in LCG was approximately \$16,000,000.00, which assumes that all policies matured in June 2024 (which has not occurred). As the life insurance policies are maintained by LCG, the Estate's interest in LCG is reduced by the amount of premium payments made since June 2024 and the accrual of interest against such premium payments and for all other premiums paid for policies that have not yet matured.

As of the date of this Motion, the Trustee estimates that the Estate's interest in LCG is \$15,200,000.00. Assuming all of the policies held by LCG matured as of the date of this Motion and the Gestetners are paid \$3,650,000.00 per the terms of the proposed Settlement, the Estate's estimated interest is approximately \$13,737,984.00, which includes the payment of the LCG Initial Distribution.

Absent a settlement and if the Gestetners prevailed on their secured claim, they could receive anywhere from \$8.9 million to \$16.8 million, which with the former, lower-end range of the claim would leave approximately \$5,893,339.00 (as opposed to the \$13.7 million the Estate is preserving under the Settlement) for the Estate or absorb all of the Estate's interest in LCG if the upper-end of the Gestetner Claim were allowed. In addition, the Allowed Gestetner Claim is no longer subject to the accrual of interest thereby capping the claim and the Estate's exposure.

Ultimately, the fees, risks, and delays associated with litigating these issues would significantly diminish the recovery of any judgment obtained by the Trustee on behalf of the Estate. Given the likelihood of meaningful litigation expenses needing to be incurred, the Trustee was aware that without settlement, there existed a reasonable risk that any net recovery ultimately made by the Estate could result in a modest net recovery or worse.

2. Difficulties With Collection

The Trustee believes that litigation against the Gestetners would subject the Estate to a significant collection risk with respect to LCG. While there is always some risk that any judgment might not result in a recovery, the Trustee evaluated the claims against the Gestetners that led him to conclude that sharing the recoveries from LCG was the best outcome because it provides an immediate benefit to the estate while at the same time substantially reducing a large claim (and elimination another) with no further accrual of interest.

3. The Complexity of the Litigation.

The Trustee believes that while the issues involved in adjudicating the Gestetner Claims are not necessarily overly complex, the Debtor is not a reliable party or witness and the documentation available regarding the Gestetner Claims could have been better memorialized. As a result, the Trustee believes that there would be a high likelihood of disputed facts that would have resulted in the Court adjudicating the disputed issues in much the same way the Trustee settled them here, but with certainty now and without the need of expensive litigation.

4. Interests of Creditors.

The bankruptcy case has been pending for nearly two years with the Trustee conducting numerous investigations. There are many substantial claims against the Estate some of holders of

1 which have been litigating with the Debtor for more than a decade. As a result, the Trustee believes
2 that Settlement is the best course of action for creditors as this will be the case's first major
3 settlement, which the Trustee aims to use as a template to resolve other disputed claims. In the end,
4 this will result in creditors getting paid sooner without awaiting the completion of what would
5 inevitably be lengthy litigation. Under the circumstances of this case, the Settlement is fair,
6 reasonable and in the best interests of creditors.

7 **WHEREFORE**, the Trustee respectfully requests that this Court enter an order (a) granting
8 the Motion; (b) approving the Settlement and his entry into the Settlement Agreement; and (c)
9 granting the Trustee such other and further relief as the Court deems just and proper.

10
11 Dated: January 7, 2025

PACHULSKI STANG ZIEHL & JONES LLP

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13 /s/ John W. Lucas

John W. Lucas

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15 Counsel to Bradley D. Sharp, Chapter 11 Trustee
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EXHIBIT A

(Proposed Order)

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Counsel to Bradley D. Sharp, Chapter 11 Trustee

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

In re
LESLIE KLEIN,

Debtor.

Case No. 2:23-bk-10990-SK

Chapter 11

**[PROPOSED] ORDER GRANTING
MOTION OF CHAPTER 11 TRUSTEE
FOR APPROVAL OF SETTLEMENT
BETWEEN THE TRUSTEE AND A.
GESTETNER FAMILY TRUST AND
GESTETNER CHARITABLE
REMAINDER UNITRUST PURSUANT
TO BANKRUPTCY RULE 9019**

Date: February 12, 2025
Time: 9:00 a.m.
Place: Courtroom 1575
255 E. Temple Street
Los Angeles, CA 90012

The Court has considered the *Motion of Chapter 11 Trustee for Order Approving Settlement Between the Trustee and A. Gestetner Family Trust and Gestetner Charitable Remainder Unitrust Pursuant to Bankruptcy Rule 9019* (the “**Motion**”)⁵ [Docket No. ____], filed by Bradley D. Sharp, in his capacity as Chapter 11 Trustee (the “**Trustee**”) of the bankruptcy estate of Leslie Klein, and the *Declaration of Bradley D. Sharp* (the “**Sharp Declaration**”) and the Declaration of Freddie Morsel

⁵ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

[Docket No. __], each filed in support of the Motion, pursuant to which the Trustee sought approval of a settlement agreement, dated January __, 2025 (the “**Settlement Agreement**”) between the Trustee, A. Gestetner Family Trust, and Gestetner Charitable Remainder Unitrust (and together with the Trustee, the “**Parties**”). The terms of the settlement (the “**Settlement**”) are specifically set forth in the Settlement Agreement, a copy of which is attached to the Sharp Declaration. Based upon the Court’s review of the Motion, the Sharp Declaration, and the Settlement, the Court finds that (1) the relief requested in the Motion is reasonable, appropriate, and in the best interests of the Parties; and (2) notice of the Motion was adequate and appropriate under the circumstances and no further notice be given.

THEREFORE, IT IS HEREBY ORDERED that:

1. The Motion is granted and the Settlement and the Settlement Agreement are approved in their entirety.

2. The Gestetners shall have a single allowed claim in the amount of \$3,650,000.00 and such claim shall amend and supersede Claim 29 and Claim 30 (the “**Allowed Gestetner Claim**”).

3. The Allowed Gestetner Claim shall not accrue interest.

4. All distributions received from Life Capital Group, LLC (“**LCG**”) that would otherwise be payable to the Debtor’s estate as a result of Debtor’s ownership interest in LCG are to be shared evenly between the Debtor’s estate, on the one hand, and the Gestetners, on the other hand, which includes \$745,353.42 and \$1,442,631.77 (the “**Initial LCG Distribution**”) that was distributed to the Trustee from LCG. Upon entry of this Order, the Trustee is authorized to pay the Gestetners 50% of the Initial LCG Distribution and the balance owing under the Allowed Gestetner Claim shall be paid under a confirmed chapter 11 plan.

5. After the Gestetners have received \$3,650,000 from the Debtor’s estate on account of distributions from LCG, any further distributions from LCG shall not be shared with the Gestetners; instead, the Debtor’s estate shall retain 100% of any such distributions.

1 6. Other than the 50% of the Initial LCG Distribution, all subsequent distributions to the
2 Gestetners shall be subject to and made pursuant to an approved chapter 11 plan proposed by the
3 Trustee.

4 7. The Trustee or any plan administrator shall consult with the Gestetners if either elects
5 to sell the Debtor's interest in LCG.
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7 8. The Trustee is authorized to enter into and take any and all actions reasonably
8 necessary to effectuate the Settlement Agreement.

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DECLARATION OF BRADLEY D. SHARP

I, Bradley D. Sharp, declare as follows:

I am the duly appointed Chapter 11 Trustee of the bankruptcy estate of Leslie Klein.

I make this Declaration in support of the *Motion for Order Approving Settlement Between The Trustee and A. Gestetner Family Trust and Gestetner Charitable Remainder Unitrust* (the “**Motion**”) to which this Declaration is annexed. All matters set forth herein are based on either my personal knowledge, my review of relevant documents and information, including, without limitation, documents and information supplied to me by my professionals, and the record in these Cases for which judicial notice is sought. All capitalized terms herein which are otherwise not defined herein shall have the same meaning ascribed to them in the Motion to which this Declaration is attached. If called upon to testify, I could and would testify competently to the facts set forth herein.

A true and correct copy of the Settlement Agreement is attached to this Declaration as

Exhibit 1.

During the course of the my administration of the Debtor’s chapter 11 case, I have worked with the my forensic accountants, Development Specialist, Inc. (“**DSI**”) and my bankruptcy counsel, Pachulski Stang Ziehl & Jones (“**PSZJ**”), to seek the production of documents, informally and pursuant to Bankruptcy Rule 2004 (the “**Rule 2004 Motions**”), from the Debtor, the Debtor’s creditors and business partners, and other third parties regarding claims against the Debtor, claims held by the Debtor, the Debtor’s assets, and generally how the Debtor conducted his affairs and his administration of various businesses, trusts, and other companies that he owned or controlled.

Through Rule 2004 Motions, public filings, proofs of claim, and informal discovery, I was able to obtain records regarding certain bank accounts of the Debtor and the Debtor’s law firm, Les Klein & Associates, among others, and also various transactional documents between the Debtor, on the one hand, and various creditors or other business partners or ventures, on the other hand. With the help of DSI’s review of these business records and other documents, I was able to form a basis for the in-flow of cash that funded the loan between the Debtor and the Gestetners.

1 The A. Gestetner Family Trust (the “**Family Trust**”) and Gestetner Charitable Remainder
2 Unitrust (the “**Remainder Trust**” together with Family Trust, the “**Gestetners**”) filed two proofs of
3 claim (Claim Nos. 29-1 and 30-1, respectively, and together the “**Gestetner Claim**”) each in the
4 amount of \$17,982,955 arising from an initial investment in certain insurance policies that was
5 eventually converted into a promissory note by the Debtor in favor of the Gestetners.

6 Through informal discovery from the Menlo parties, the Trustee obtained a bank account
7 statement (the “**Bank Statement**”) for the period of October 1, 2005, through October 31, 2005. The
8 Bank Statement is for an account (xxxxx-09404) held by Les Klein & Associates (“**LKA**”) that the
9 Debtor controlled and used for himself and for LKA. A true and correct copy of the Bank Statement
10 is annexed hereto as **Exhibit 2**. The Bank Statement reflects that the Debtor received a wire in the
11 amount of \$3,659,507.10 (the exact amount reflected in the Gestetner Ledger to the penny).

12 On December 1, 2005, the Debtor sent a letter (the “**Dec. 1, 2005 Letter**”) to Andor
13 Gestetner (“**Andor**”) regarding the total amount of his recent investments from the trust that he
14 controlled. A true and correct copy of the Dec. 1, 2005 Letter is annexed hereto as **Exhibit 3**. The
15 Dec. 1, 2005 Letter reflects that the Debtor acknowledged that Andor had invested \$4,267,507 with
16 the Debtor.

17 I believe that by Gestetner Ledger, the Bank Statement, and the December 1, 2005 Letter,
18 that it is reasonable to conclude that the Debtor received no less than \$3,659,507.10 from the
19 Remainder Trust.

20 At the time the Gestetners made his investment with the Debtor, the Debtor had not yet
21 formed LCG. It is my understanding that, between 2005 and 2011, the Debtor owned or controlled
22 certain life insurance policies that were the subject of the Gestetners’ investment with the Debtor. On
23 June 20, 2016, the Debtor acknowledged that he had transferred certain life insurance policies to
24 LCG by memorializing how the Remainder Trust’s investment would be repaid (the “**LCG**
25 **Transfer Agreement**”). A true and correct copy of the LCG Transfer Agreement is annexed hereto
26 as **Exhibit 4**.

27 The LCG Transfer Agreement reflects that the Remainder Trust (*i.e.*, the same party the
28 transferred cash to the Debtor resulting the sale reflected in the Morsel Declaration) invested

1 \$3,700,000.00 and that such policies were transferred to LCG. The reference to \$3,700,000.00 is
2 approximately the same amount that is reflected on the Gestetner Ledger and the Bank Statement.
3 The LCG Transfer Agreement also reflects that Gestetner would receive 10% interest on his
4 investment when the policies held by LCG mature from the original date of the investment, which,
5 as reflected by the Gestetner Ledger, Bank Statement, and the Dec. 1, 2005 Letter, is likely October
6 11, 2005.

7 As of June 20, 2016, per the terms of the LCG Transfer Agreement, the interest that accrued
8 on Remainder Trust's approximate \$3,659,507.10 investment totaled approximately \$3,964,466.02,
9 which when combined with the investment, the Debtor owed the Remainder Trust approximately
10 \$7,623,973.12.

11 On September 1, 2016, the Debtor executed a promissory note and security agreement (the
12 "**Note**") in a favor of Andor⁶ and the Remainder Trust in the principal amount of \$9,630,000 that
13 accrued interest at 13% per annum. A true and correct copy of the Note is annexed hereto as
14 **Exhibit 6**. The Note reflects that the principal amount arose from the Andor and the Remainder
15 Trust's initial investment with the Debtor in the approximate amount of \$4,200,000.00.

16 By the Note, the Debtor granted the Gestetners a security interest in the Debtor's equity
17 interest in LCG. The initial UCC financing statement (the "**UCC Financing Statement**") and its
18 renewal are annexed hereto as **Exhibit 7**.

19 In connection with the execution of the Note, LCG was party to a memorandum of
20 understanding (the "**Lien Acknowledgement**") wherein LCG expressly consented to the Debtor's
21 grant of a security interest to the Gestetners to secure the Debtor's repayment obligations under the
22 Note. A true and correct copy of the Lien Acknowledgement is annexed hereto as **Exhibit 8**.

23 On September 15, 2016, the Debtor drafted a letter (the "**Sept. 15, 2016 Letter**") to Andor
24 that again acknowledged the amount of the initial investment (\$4,200,000), the accrual of interest,
25 the offset of distributions, and the final amount owed to the Gestetners as of such date. A true and
26 correct copy of the Sept. 15, 2016 Letter is annexed hereto as **Exhibit 9**. The Sept. 15, 2016 Letter

27 _____
28 ⁶ On October 18, 2018, Andor assigned his interest in the Note to the Family Trust, which is the other party that filed a
claim against the Debtor. A true and correct copy of the foregoing assignment is annexed to the Sharp Declaration as
Exhibit 5.

1 reflects that as of September 15, 2016 that the Debtor was indebted to the Gestetners in the amount
2 of \$9,630,000.

3 On July 25, 2017, the Debtor executed a supplement to the Note (the “**Supplement**”)
4 wherein the Debtor agreed not to adversely affect the value of LCG. A copy of the Supplement is
5 annexed hereto as **Exhibit 10**.

6 On March 13, 2019, the Debtor entered into a memorandum of understanding (the “**MOU**”)
7 with Shlomo Rechnitz, LCG, and Andor on behalf of his designees regarding distributions from
8 LCG as they relate to the Note and Supplement. A true and correct copy of the MOU is annexed
9 hereto as **Exhibit 11**. The MOU again confirms the initial amount of the loan (*i.e.*, \$4,200,000), the
10 accrual of interest from September 1, 2016 to February 28, 2019, and a reduction of the balance of
11 the loan.

12 After a review of the Debtor’s bank records and the records of his wholly owned law firm
13 (Les Klein & Associates), the me and my advisors were able to locate and review approximately 85
14 checks paid to the Gestetners totaling approximately \$1,091,500. A true and correct copy of a
15 summary of the payments (the “**Payment Summary**”) is annexed hereto as **Exhibit 12**. Following
16 my review of the Note, Supplement, and the MOU, with the aid of my advisors, I was able to
17 establish the amount outstanding under the Note as \$16,891,455.00, as of the date the Gestetners
18 filed the Gestetner Claim. A true and correct copy of the summary of the Claim (“**Claim**
19 **Summary**”) is annexed hereto as **Exhibit 13**.

20 After a reduction of the amount reflected in the Payment Summary, with the assistance of my
21 advisors, I oversaw the creation of a timeline (the “**Timeline**”) that reflects the application of the
22 Payment Summary, accrual of interest, and other reductions per the documents described above
23 determining that as of the date of the proof of claim was filed that the Gestetners were owed
24 approximately \$16,891,455.00. A true and correct copy of the Timeline is annexed hereto as **Exhibit**
25 **14**. Given the review of the relevant documents, I believe that \$16,891,455.00 is the most that the
26 Gestetners could be owed on account of the claims.

27 However, I believe that in connection with the less than perfect documentation of the
28 Gestetner Claim that it is best to use the amount that the Remainder Trust invested with the Debtor

1 to arrive at the amount outstanding, which as reflected by the Gestetner Ledger, the Bank Statement,
2 and the LCG Transfer Agreement is no more than \$3,659,5078.10 (before the accrual of interest and
3 any payments made by the Debtor). Pursuant to the LCG Transfer Agreement, wherein the Debtor
4 acknowledged that the Remainder Trust invested \$3,700,000.00 (accruing interest at 10% from the
5 inception of the investment), the Gestetners would be owed \$3,659,507.10, plus accrued interest at
6 10% in the amount of \$6,373,630.91 (for a period of 17 years, 5 months) for a total of
7 \$10,033,138.00, less \$1,091,500 for the payments the Debtor made to the Gestetners for a grand
8 total of \$8,941,638.00.

9 One of the Debtor's primary assets is his equity interest in Life Capital Group, LLC
10 ("LCG"). LCG is a company that was co-founded by the Debtor and Shlomo Rechnitz, which
11 purchased life insurance policies, paid the premiums, and then obtained the life insurance proceeds
12 upon the death of an insured person. The insurance proceeds were subject to an even split between
13 the Debtor and Mr. Rechnitz after the repayment of loans, premiums, and accrued interest. The
14 unmatured policies held by LCG could yield substantial value to the estate depending upon when an
15 insured dies and the amount loans, premiums, and other expenses are paid. As of the date of the
16 Motion, I estimate that the Estate's current interest in LCG is approximately \$15,200,000.00, which
17 assumes all policies matured of the date of the Motion. As time passes without the maturation of the
18 subject life insurance policies, LCG's and the Debtor's interest in such policies deteriorates. As set
19 forth in greater details in the Motion and herein, I believe that it is in the estate's interest to secure
20 the benefits of these policies for the estate in general and also to settle the Gestetner Claims in an a
21 substantial reduced amount that also permits the Estate to obtain the benefits of any LCG
22 distributions on a 50/50 basis until the Allowed Gestetner Claim is paid in full.

23 In this case, through my advisors, I negotiated a settlement that preserves the estate's right to
24 fifty percent of the distributions from LCG while at the same time reducing the low-end of a secured
25 claim in the amount of \$8,941,638.00 to a claim in the amount of \$3,650,000 claim that will not
26 accrue any additional interest. The Settlement results in an approximate 59% reduction of the
27 Gestetner Claim when using the lowest reasonable range of such claim (or a 71% reduction if the
28

1 higher end of the range is used, \$16,891,455.00). As set forth below, the settlement represents a fair
2 and adequate settlement that should be approved by this Court.

3 The Gestetner Claim first arose in 2005 and was later restated in June and September 2016,
4 both more than seven years prior to the Petition Date. In addition, the Debtor acknowledged in
5 connection with numerous acknowledgements, agreements, and documents noted herein that the
6 Gestetners were owed a principal amount of \$4,200,000.00. Without additional bank records from
7 2005 through 2016 it was not possible for me to ascertain with certainty that the Gestetners invested
8 \$4,200,000.00. However, the documents do reflect that the Remainder Trust transferred nearly
9 \$3,700,000.00 to the Debtor, which according to the Debtor accrued interest at a rate of no less than
10 10% per annum.

11 While I do not believe that the Gestetners would have been able to demonstrate they were
12 owed more than \$16.8 million as reflect in the Gestetner Claims, I do believe there is a reasonable
13 basis to support the claim (reduced by the Payments) in the amount of \$8,941,638.00, but the
14 Settlement importantly reduces such claim to \$3,650,000.00 (*i.e.*, by 59%).

15 I estimate that, as of June 2024, the Estate's interest in LCG was approximately
16 \$16,000,000.00, which assumes that all policies matured in June 2024 (which has not occurred). As
17 the life insurance policies are maintained by LCG, the Estate's interest in LCG is reduced by the
18 amount of premium payments made since June 2024 and the accrual of interest against such
19 premium payments and for all other premiums paid for policies that have not yet matured.

20 As of the date of this Motion, the Trustee estimates that the Estate's interest in LCG is
21 \$15,200,000.00. Assuming all of the policies held by LCG matured as of the date of this Motion and
22 the Gestetners are paid \$3,650,000.00 per the terms of the proposed settlement, the Estate's
23 estimated interest is approximately \$13,737,984.00, which includes the payment of the LCG Initial
24 Distribution.

25 Absent a settlement and if the Gestetners prevailed on their secured claim, they could receive
26 anywhere from \$8.9 million to \$16.8 million, which with the former, lower-end range of the claim
27 would leave approximately \$5,893,339.00 (as opposed to the \$13.7 million that the Estate is
28 preserving under the Settlement) for the Estate or absorb all of the Estate's interest in LCG if the

1 upper-end of the Gestetner Claim were allowed. In addition, the Allowed Gestetner Claim is no
2 longer subject to the accrual of interest thereby capping the claim and the Estate's exposure.

3 Ultimately, the fees, risks, and delays associated with litigating these issues would
4 significantly diminish the recovery of any judgment obtained by me on behalf of the estate. Given
5 the likelihood of meaningful litigation expenses needing to be incurred, I was aware that without
6 settlement, there existed a reasonable risk that any net recovery ultimately made by the estate could
7 result in a modest net recovery or worse.

8 I believe that while the issues involved in adjudicating the Gestetner Claim are not
9 necessarily overly complex, the Debtor is not a reliable party or witness and the documentation
10 available regarding the Gestetner Claim could have been better memorialized. As a result, I believe
11 it is better to obtain certain value for the estate rather than litigate disputed facts that would result in
12 the Court adjudicating the disputed issues in much the same way the Trustee settled them here, but
13 with certainty now and without the need of expensive litigation.

14 The bankruptcy case has been pending for nearly two-years wherein I have conducted and
15 continue to conduct numerous investigations and have filed adversary proceedings whose goals are
16 aimed to bring value into the estate. There are many substantial claims against the estate and some of
17 the holders of which have been litigating with the Debtor for more than a decade. As a result, I
18 believe that settlement is the best course of action for creditors as this will be the first major
19 settlement, which I expect to use as a template to resolve other disputed claims. In the end, this will
20 result creditors getting paid sooner, without awaiting the completion of what would inevitably be
21 lengthy litigation. Under the circumstances of these cases, the Settlement is fair, reasonable and in
22 the best interests of creditors.

23 Ultimately, the fees, risks, and delays associated with litigating the issues would significantly
24 diminish the recovery of any judgment obtained by me on behalf of the estate. Given the likelihood
25 of extensive litigation expenses needing to be incurred, I am aware that without settlement, there
26 exists a reasonable risk that any net recovery ultimately achieved by the estate would be immaterial.

1 I declare under penalty of perjury under the laws of the United States of America that the
2 foregoing is true and correct.

3 Executed this 6th day of January, 2025 at Los Angeles, California.

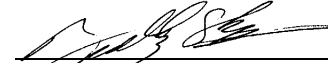
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Exhibit 1

(Settlement Agreement)

SETTLEMENT AGREEMENT

This *Settlement Agreement* (“Agreement”) is made and entered into as of the later of the dates beneath each Party’s signature below (“Execution Date”), by and between Bradley D. Sharp, in his capacity as the chapter 11 trustee (the “Trustee”) of the Leslie Klein (the “Debtor”) bankruptcy estate, and A. Gestetner Family Trust (“GFT”) and Gestetner Charitable Remainder Unitrust (“GCRU”) (together, “Gestetner”), with reference to the following facts and recitals. The Trustee and Gestetner are referred to collectively hereinafter as the “Parties,” and individually as a “Party.”

RECITALS

WHEREAS, the Debtor commenced a voluntary chapter 11 case on February 22, 2023, Case No.: 2:23-bk-10990-SK, in the United States Bankruptcy Court for the Central District of California, Los Angeles Division (the “Court”).

WHEREAS, on May 3, 2023, GFT filed proof of claim number 29-1 (“Claim 29-1”) in the amount of \$17,982,955 as a secured claim arising from a promissory note and security agreement executed by the Debtor as the obligor in favor of GFT.

WHEREAS, on May 3, 2023, GCRU filed proof of claim number 30-1 (“Claim 30-1” and together with Claim 29-1, the “Gestetner Claims”) in the amount of \$17,982,955 as a secured claim arising from a promissory note and security agreement executed by the Debtor as the obligor in favor of GCRU.

WHEREAS, on May 17, 2023, in response to certain motions to dismiss the Debtor’s chapter 11 case, the Court entered an order directing the UST to appoint a chapter 11 trustee. *See* [Docket No. 142]. On May 23, 2023, the UST filed a notice appointing Bradley D. Sharp as the chapter 11 trustee of the Debtor’s chapter 11 case. *See* [Docket No. 151]. On May 24, 2023, the UST filed an application for an order approving the appointment of Mr. Sharp as the Trustee. *See* [Docket No. 154]. On May 24, 2023, the Court entered an order approving the appointment of Mr. Sharp as the Trustee. *See* [Docket No. 155]. On May 24, 2023, Mr. Sharp accepted his appointment as Trustee. *See* [Docket No. 156].

WHEREAS, the Trustee has reviewed the Gestetner Claims and information regarding the Debtor’s prepetition payments to Gestetner with respect to the Gestetner Claims, and, following such review, and after substantial negotiations between the Parties, the Parties have agreed to allow the Gestetner Claims as set forth hereinbelow, subject to the approval of the Court.

In consideration of the mutual covenants, conditions and provisions set forth below, and each Party intending to be legally bound, the Parties agree as follows:

A G R E E M E N T

1. EFFECTIVENESS OF AGREEMENT

This Agreement shall become effective on the later of the date (the “**Effective Date**”) that (a) the Parties have executed this Agreement and (b) entry of order by the Court approving the Agreement.

2. GLOBAL SETTLEMENT

(a) Gestetner Security Interest. The Parties agree that Gestetner holds a valid and perfected secured claim in the Debtor’s equity interest in Life Capital Group LLC (“LCG”). However, any distribution the Debtor’s estate receives from LCG on account of the Debtor’s ownership interest in LCG, including but not limited to the amounts of \$745,353.42 and \$1,442,631.77, which currently totals \$2,187,985.19 (the “Existing LCG Distribution”), that already has been received by the Debtor’s estate on account of such ownership interest in LCG, shall be shared evenly (50% for each Party) between Gestetner and the Debtor’s estate. Solely as an example, if LCG distributes \$100,000 to the Debtor’s estate on account of the Debtor’s ownership interest in LCG, the Parties agree that \$50,000 would be paid to the Debtor’s estate and \$50,000 would be paid to Gestetner.

(b) Allowance of Gestetner Claim. The Parties agree that the Gestetner Claim shall be allowed as a single secured claim in the amount of \$3,650,000.00 and such claim shall not accrue interest but shall be reduced upon receiving distributions as set forth herein.

(c) Distributions to Account of Gestetner Claim. The Parties agree that any recoveries the Debtor’s estate receives from LCG on account of the Debtor’s interest in LCG shall be distributed to Gestetner as follows: (i) upon approval of this Agreement, Gestetner shall receive 50% of the Existing LCG Distribution or \$1,093,992.60 and (ii) any further distributions pursuant to the terms and conditions of a confirmed chapter 11 plan proposed by the Trustee. After Gestetner receives \$3,650,000.00 from the Debtor’s estate, Gestetner shall not be entitled to any further distributions from the Debtor’s estate or on account of the Debtor’s interest in LCG.

(d) Approval. The Parties agree that, promptly after execution of this Agreement, the Trustee shall seek the Court’s approval of this Agreement pursuant to Bankruptcy Rule 9019.

(e) Amendment of Gestetner Claims. Upon the Execution Date, the Gestetner Claims shall be deemed amended in accordance with the terms of this Agreement.

3. MUTUAL GENERAL RELEASE

Mutual Release. Upon the Effective Date, Gestetner, on the one hand, and Trustee, on behalf of the Debtor’s estate, on the other hand, mutually releases each other and each of

their respective predecessors, successors, corporate parents, subsidiaries, affiliates, present or former trustees, directors, officers, attorneys, agents and employees from any and all claims, suits, damages, liabilities, costs, losses, interest, or expenses of any kind or nature whatsoever, which have arisen or could arise on or before the applicable Cutoff Date under each applicable Payor Agreement. Each Party hereby waives and releases any and all rights under Section 1542 of the California Civil Code, which provides as follows: “A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or releasing party.”

4. GENERAL

(a) This Agreement may be executed in counterparts and copies may be used instead of originals and delivered with electronic mail (including in PDF format) with the same force and effect as originals. The executed counterparts shall be construed as and constitute one document.

(b) This Agreement is the final and entire agreement of Gestetner and Trustee, on behalf of the Debtor’s estate, regarding the subject matter herein, and supersedes all previous oral and written understandings, negotiations, term sheets, and agreements on the subject matter herein. This Agreement may only be modified by a written amendment signed by an authorized signatory of each Party.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Execution Date.

Chapter 11 Trustee



Authorized Signature

Bradley D. Sharp, Chapter 11 Trustee

January 6, 2025

Date

A. Gestetner Family Trust

Authorized Signature

Isidore Morsel,
Trustee, A. Gestetner Family Trust

Date

Gestetner Charitable Remainder Unitrust

Authorized Signature

Shulamith Josowitz,
Trustee, Gestetner Charitable Remainder Trus

Date

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Execution Date.


Chapter 11 Trustee

Authorized Signature

Bradley D. Sharp, Chapter 11 Trustee

Date

A. Gestetner Family Trust



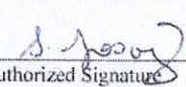
Authorized Signature

Isidore Morsel,
Trustee, A. Gestetner Family Trust



Date

Gestetner Charitable Remainder Unitrust



Authorized Signature

Shulamith Josowitz,
Trustee, Gestetner Charitable Remainder Trus



Date

Exhibit 2

(Bank Statement)

Your Bank of America Business Checking Statement

0343 P
E 58-2

Statement Period:
October 1 through October 31, 2005

Account Number: 03439-09404

Priority Customer Service
Call: 1.800.678.1433

Written Inquiries
Bank of America
Larchmont Village Branch
PO Box 37176
San Francisco, CA 94137-0001

Customer since 1987
Bank of America appreciates your
business and we enjoy serving you.

LES KLEIN & ASSOCIATES
TRUST ACCOUNT
DBA FAMILY LEGAL SERVICES
14245 VENTURA BLVD STE 301
SHERMAN OAKS CA 91423-2773

Our free Online Banking service allows you to check balances, track account activity, pay bills and more. **With Online Banking you can also view up to 18 months of this statement online.** Enroll at www.bankofamerica.com/smallbusiness.

Summary of Your Business Checking Account

Beginning Balance on 10/01/05	\$734,154.57
Total Deposits and Other Credits	+ 4,300,887.00
Total Checks, Withdrawals, Transfers, Account Fees	- 891,242.39
Ending Balance	\$4,143,799.18

Number of checks paid	58
Number of 24 Hour Customer Service Calls	
Self-Service	36
Assisted	0
6 of your Customer Service Calls are free of charge each statement period.	

Important Information About Your Account

Based on the minimum balance you've maintained in this account, your monthly service charge has been waived.

Deposits

Number	Date Posted	Amount
	10/03	\$ 137.99
	10/03	15,427.23
	10/06	4,379.28
	10/11	5,100.00
	10/14	608,000.00

Number	Date Posted	Amount
	10/20	5,700.00
	10/28	135.40
	10/31	2,500.00
Total of 8 deposits		\$641,379.90

Checks Paid

* Gap in check sequence

Date Paid	Number	Amount
10/03	5111	\$ 2,719.35
10/03	5112	5,101.95
10/03	5113	7,483.75
10/18	* 5126	5,000.00
10/18	5127	6,000.00
10/11	5128	5,999.17

Date Paid	Number	Amount
10/12	* 5135	2,500.00
10/06	5136	4,000.00
10/17	* 5139	88,000.00
10/06	5140	625.00
10/05	5141	1,000.00
10/11	5142	500.00

Continued on next page

California

Page 1 of 2

CONFIDENTIAL HH0000239

LES KLEIN & ASSOCIATES
TRUST ACCOUNT

Statement Period: October 1 through October 31, 2005
Account Number: 03439-09404

☐ Checks Paid Continued * Gap in check sequence

Date Paid	Number	Amount	Date Paid	Number	Amount
10/03	* 5145	2,000.00	10/14	* 5173	320.00
10/03	5146	1,150.00	10/14	5174	300.00
10/03	5147	360.00	10/14	5175	2,000.00
10/03	5148	6,000.00	10/14	5176	1,000.00
10/03	5149	1,000.00	10/14	5177	5,000.00
10/12	* 5151	26,000.00	10/24	5178	2,375.00
10/12	* 5153	19,000.00	10/17	5179	2,000.00
10/06	5154	1,000.00	10/17	5180	250.00
10/06	5155	150.00	10/17	5181	1,150.00
10/07	* 5157	1,006.00	10/17	5182	7,000.00
10/07	5158	1,500.00	10/27	* 5184	500.00
10/11	5159	117,910.23	10/20	5185	2,000.00
10/07	5160	5,000.00	10/20	5186	10,000.00
10/12	5161	480,000.00	10/21	* 5188	2,000.00
10/11	5162	5,000.00	10/21	5189	550.00
10/25	5163	600.00	10/24	5190	1,500.00
10/18	5164	2,000.00	10/28	* 5193	800.00
10/18	5165	10,000.00	10/28	5194	1,000.00
10/11	5166	25,000.00	10/28	5195	200.00
10/11	5167	400.00	10/31	5196	3,500.00
10/11	5168	91.94	10/31	* 5198	2,000.00
10/11	5169	1,000.00	10/31	5199	1,100.00
10/11	5170	1,250.00			
10/14	5171	3,500.00			
			Total of 58 Checks Paid		\$886,392.39

☐ Account Activity

Date Posted	Description	Reference Number	Amount
	Other Deposits and Credits		
10/11	Money Transfer-Calif Trn: 051011-051333 Sender Ref: 0095500284et Src: Fedwire Benf: Les Klein & Associates Trust Orig: Cfm Acct.		\$3,659,507.10
	Withdrawals, Transfers and Account Fees		
10/06	Stop Payment Orders Fee		\$20.00
10/11	Processing Fee For Money Tfr-CA Trn: 051011-051333		10.00
10/14	Deposited Item Returned Fee		5.00
10/14	Deposited Item Returned		4,800.00
10/31	30 Self Service Calls		15.00
	Total Withdrawals, Transfers and Account Fees		\$4,850.00

☐ FACTS - FDIC Insured Account Disclosure Information

If a merchant or financial institution requests pre-authorization for a debit card transaction, we may place a hold on your account for the pre-authorized amount. The hold will reduce the balance available for debit card authorizations. The hold will not affect other withdrawals such as checks, electronic transfers or previously authorized debit card transactions. The hold will not prevent the pre-authorized transaction from overdrawing your account if funds are not available when the actual transaction is posted. We will remove a hold from your account when the actual transaction amount is debited or up to three business days after the pre-authorization request, whichever occurs sooner.

Exhibit 3

(Dec. 1, 2005 Letter)

LAW OFFICES OF

**LES KLEIN &
ASSOCIATES, INC.**

A LAW CORPORATION

14245 Ventura Blvd.

3rd Floor
Sherman Oaks, CA
91423-2740

Tel (818) 501-2663

Fax (818) 501-2859

California Offices

Anaheim
Los Angeles
San Diego
San Fernando Valley
San Francisco
San Gabriel
San Jose
Sherman Oaks

National Offices

Phoenix, Arizona
Denver, Colorado
Miami, Florida
Tampa, Florida
Wichita, Kansas
Marrero, Louisiana
Baltimore, Maryland
St. Louis, Missouri
Phila., Pennsylvania
Dallas, Texas
Fairfax, Virginia
Washington D. C.

December 1, 2005

ANDOR GESTETNER

1424 55th Street
Brooklyn, New York

Dear Andor:

Enclosed please find Page 1 and 23 of your prepared original First Amended Gestetner A/B Trust to be inserted in lieu of the existing pages.

Enclosed also please find list of investments regarding your Living Trust and Charitable Trust.

Very truly yours,



LESLIE KLEIN

LK:mn

Enc.

ANDOR and MAGDA GESTETNER INVESTMENTS

CHARITABLE TRUST

6 /.	1.	EQUITABLE AXA	\$1,000,000
4.1	2.	C.D. WASHINGTON MUTUAL	\$500,000
4.1	3.	C.D. DOWNEY SAVINGS	\$500,000
4.1	4.	C.D. BANK OF AMERICA	\$267,507

ANDOR and MAGDA GESTETNER LIVING TRUST

6	1.	MORGAN STANLEY TAX FREE	\$500,000
	2.	AMERICAN GENERAL TAX FREE	\$1,000,000
6 /.	3.	AMERICAN GENERAL FRANKLIN BOND FUND	<u>\$500,000</u>
TOTAL			\$2,000,000

Exhibit 4

(LCG Transfer Acknowledgment)

AGREEMENT

THIS AGREEMENT, made and entered into this 20th day of June, 2016 between
**LESLIE KLEIN as Trustee of the GESTETNER CHARITABLE REMAINDER
UNITRUST and LESLIE KLEIN an individual.**

RECITALS:

- A. LESLIE KLEIN as Trustee of the GESTETNER CHARITABLE REMAINDER UNITRUST has invested \$3,700,000 into life insurance policies. The policies have been sold to LIFE CAPITAL GROUP LLC. LESLIE KLEIN desires to put in writing the Agreement. W K L

AGREEMENT:

NOW, THEREFORE, in consideration of the premises, and statements of the Agreement, the parties, intending to be legally bound, agrees as follows:

The parties have agreed to the following agreement.

1. LESLIE KLEIN has invested \$3,700,000 in life insurance policies on behalf of the GESTETNER CHARITABLE REMAINDER UNITRUST
2. The life insurance policies that the funds were invested in have been assigned to LIFE CAPITAL GROUP LLC.
3. When the individual insureds pass away, LIFE CAPITAL GROUP LLC will receive all the premiums plus 12% interest on the funds that it has paid on these policies.
4. After LIFE CAPITAL GROUP LLC receives their funds, the GESTETNER CHARITABLE REMAINDER UNITRUST shall receive their funds with 10% interest from the date of the investment.

5. **GENERAL PROVISIONS**

- a. **ENTIRE AGREEMENT:** This Agreement represents the entire and complete agreement of the Parties with respect to the subject matter hereof, and supersedes all prior understandings and agreements, both written and oral, as to the subject matter hereof by and among any of the Parties hereto.
- b. **NOTICES:** Except as otherwise specifically provided herein, whenever any notice or other communication is required or permitted to be give hereunder, such notice or other communication shall be in writing and shall be (as elected by the party giving such notice); (A) DELIVERED IN PERSON; OR (B) SENT BY U.S. REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, POSTAGE PREPAID TO THE PERSON TO WHOM SUCH NOTICE IS INTENDED TO BE GIVEN AT SUCH ADDRESS AS SUCH PERSON MAY HAVE PREVIOUSLY FURNISHED IN WRITING TO SUCH PERSON'S LAST KNOW ADDRESS. Any notice or other communication delivered in person shall be deemed effectively given when delivered, and any such notice or other communication mailed as hereinabove provided shall be effectively given on the date of receipt.
- c. **MODIFICATIONS:** No change or modification of this Agreement shall be valid or binding upon a Party, nor shall any term or condition of this Agreement be considered waived by a Party, unless such change, modification, or waiver is in writing and is signed by such Party.
- d. **BINDING EFFECT:** This Agreement shall inure to the benefit of, and shall be binding upon, the Parties, their legal representative, transferees, heirs, successors, and assigns. 2
- e. **CONSTRUCTION:** This Agreement shall be interpreted, construed and binding in accordance with the laws of the Torah. 2
- f. **GENDER:** Throughout this Agreement, whenever the context requires or permits, genders shall be deemed interchangeable, and single number shall be deemed to include the plural, and vice versa. 2

ORIGINAL

- g. **SEPARABILITY OF PROVISIONS:** Each provision of this Agreement shall be considered separable and if for any reason some portion of this agreement shall be deemed contrary to any existing or future law, such invalidity shall not impair the operation of affect those portions of this Agreement which are valid.
- h. **HEADINGS:** The underlined headings of the sections and subsections herein are the convenience of reference only and shall not affect the interpretation of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed, sealed and delivered this Agreement as of the date first above written.


LESLIE KLEIN

ORIGINAL

3

Exhibit 5

(Assignment)

ASSIGNMENT AGREEMENT

This ASSIGNMENT AGREEMENT (this "Agreement") is made and entered into as of OCTOBER 21, 2018, by and between Andor Gestetner, individually (the "Assignor"), and Deborah Susan Frischman, Shulamith Josowitz and Isidore Morsel, as Trustees of the A. Gestetner Family Trust (the "Trust" or the "Assignees").

WITNESSETH:

WHEREAS, the Assignor is a "Holder" under a Non-Revocable Secured Promissory Note, dated as of September 1, 2016, made by Leslie Klein in the original principal amount of \$9,630,000, attached hereto as Exhibit A (the "Note"); and

WHEREAS, under the terms of the Note, a Holder of the Note may freely assign its interest the Note to any person or entity; and

WHEREAS, the Assignor wishes to assign, transfer and convey all of his right, title and interest in and to the Note to the Assignee, and the Assignee wishes to accept the assignment of the Note.

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Assignment. The Assignor hereby assigns, transfers and delivers unto the Assignee, all of the Assignor's right, title and interest in and to the Note (the "Assignment").

2. Acceptance. The Assignee hereby accepts the Assignment.

3. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, heirs, administrators, executors, successors and assigns.


4. Governing Law. **This Agreement and the rights of the parties hereunder shall be governed by, and construed in accordance with, the laws of the State of New York without regard to principles of conflicts of law thereof.**

5. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. A facsimile or PDF of an executed signature page hereto transmitted by any party hereto to any other party shall be deemed the execution and delivery of an original counterpart of this Agreement by such party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement
to be executed and delivered on the day and year first above written.

ASSIGNOR:

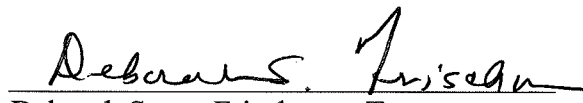
By:


Andor Gestetner

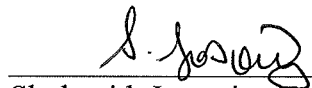
ASSIGNEE:

A. GESTETNER FAMILY TRUST

By:


Deborah Susan Frischman, Trustee

By:


Shulamith Josowitz, Trustee

By:

Isadore Morsel, Trustee

IN WITNESS WHEREOF, the parties hereto have caused this Agreement
to be executed and delivered on the day and year first above written.

ASSIGNOR:

By: _____
Andor Gestetner

ASSIGNEE:

A. Gestetner Family Trust

By: _____
Deborah Susan Frischman, Trustee

By: _____
Shulamith Josowitz, Trustee

By: _____
Isadore Morsel, Trustee

Morsel

*Tamara
Winters*

*I. Le
Leitner*

Exhibit 6

(Note)

NON-RECOURSE SECURED PROMISSORY NOTE

Principal Sum:	\$9,630,000	September 1, 2016
	Due Date: Upon the death of	State of California
	insureds under the Policies	
	as set forth below	

FOR VALUE RECEIVED, the undersigned, **LESLIE KLEIN** (the "Borrower"), having an office address of Leslie Klein and Associates, Inc., 14245 Ventura Boulevard, 3rd Floor, Sherman Oaks, California 91423-2740, hereby promises to pay to **ANDOR GESTETNER**, an individual, and **GESTETNER CHARITABLE REMAINDER UNITRUST**, having an address of 1424 55th Street, Brooklyn, New York, 11219, or their respective registered assigns (each a "Holder" and together the "Holders"), the principal sum of **\$9,630,000** plus interest thereon at the rate of **13% per annum** and all costs, fees and expenses (including without limitation reasonable attorneys' fees and disbursements) that the Holders or either of them incurs in order to collect any amount due under this Note, to negotiate or document a workout or restructuring, or to preserve their respective rights in this Note and/or the Collateral (as hereinafter defined) now or hereafter granted ("Expenses").

The Borrower acknowledges that the Holders previously, in or around 2005, delivered the sum of \$4,200,000 to the Borrower (\$2,000,000 thereof from **ANDOR GESTETNER**, and \$2,200,000 thereof from **GESTETNER CHARITABLE REMAINDER UNITRUST**) with the agreement that such sum would be invested for the benefit of the Holders. The Borrower further acknowledges that the Holders have now agreed to accept the delivery of this Note, and the Borrower's obligations and grant of Security Interest (as hereinafter defined) hereunder, as repayment of such sum and a notional investment return thereon.

Notwithstanding the use of the singular or plural term herein, each Holder may exercise any and all rights under this Note with respect to the entire principal and interest due under this Note separately as if such Holder was the only holder under this Note; provided, however, that any collection by such Holder shall, after such Holder's expenses of collection, be allocated between the Holders in accordance with their respective interests in this Note at the time of such collection.

Collateral. This Note is a non-recourse promissory note but secured by the Borrower's interest (the "LLC Interest") as a Member of **LIFE CAPITAL GROUP LLC** (the "LLC"), a California limited liability company formed on April 8, 2011, and operated pursuant to a Limited Liability Company Agreement dated as of June 1, 2011 (the "Operating Agreement"), attached as Exhibit A hereto and which Borrower represents is a true and correct copy of the Operating Agreement of the LLC as currently in effect. As security for the prompt and complete payment when due of all principal, interest and Expenses payable under this Note, the Borrower hereby assigns, transfers, pledges and grants to the Holders a security interest (the "Security Interest") in all right, title and interest in and to the LLC Interest and all Proceeds (as defined in the Uniform Commercial Code as in effect in the State of California (the "UCC")) therefrom (such right, title and interest in and to the LLC Interest and Proceeds being hereinafter referred to as the

"Collateral"). Borrower represents that the Collateral is, and agrees to keep the Collateral, free and clear of all levies, security interests and other liens and charges whatsoever, excepting only the Holders' first priority perfected security interest therein. Borrower agrees to cooperate with either Holder's efforts (i) to perfect the Holders' security interest in the Collateral in accordance with the requirements of applicable law, (ii) to achieve and maintain the priority of the Holders' security interest in the Collateral, and (iii) to maintain, preserve and protect the Collateral and the Holders' security interest therein.

Interest Rate. The outstanding principal balance of this Note shall earn interest, calculated on the basis of a 360-day year comprised of twelve 30-day months, from the date hereof until the date all amounts due hereunder are paid in full, at the rate of 13% percent per annum.

Payment. Payments under this Note shall be made as follows: (1) a monthly payment of the sum of \$10,000 to Andor Gestetner on the first day of each month hereafter, beginning on September 1, 2016 and continuing until this Note has been paid in full (the "Monthly Amount"), and (2) from the proceeds of (x) life insurance policies collected by the LLC upon the death of each insured identified on the two lists of policies attached as Exhibit B hereto (together the "List," which List also sets forth the approximate death benefit associated with each such policy (each a "Policy" and collectively the "Policies")), and (y) the Additional Policies (as hereinafter defined), to the extent that Borrower is entitled to a share of such proceeds. Borrower warrants the accuracy of the List and represents that (i) the Policies are in full force and effect, (ii) the LLC has good and marketable title to the Policies, (iii) the List shows nearly all of the policies held by the LLC, (iv) the LLC has good and marketable title to additional policies not shown on the List having an aggregate death benefit of approximately \$14,000,000 (each such policy an "Additional Policy" and all such policies collectively the "Additional Policies"), and (v) the Borrower has rights in the proceeds of the Policies and the Additional Policies upon the death of the insureds thereunder and no other party, except the other Member of the LLC, has any rights or interests therein. Borrower also warrants that (i) the approximate annual investment by Shlomo Rechnitz in the LLC in connection with the Policies and the additional Policies (to enable the LLC to pay premiums thereon) is the sum of \$1,000,000 and (ii) to date, said Shlomo Rechnitz has contributed approximately \$5,500,000 in the aggregate of such investments to the LLC. Borrower agrees that upon the death of each insured the Borrower's entire share of the proceeds of the Policy or Additional Policy on such insured shall be paid directly to the Holders by the LLC, until such time as the entire principal balance under this Note and all accrued interest thereon has been paid. Notwithstanding the foregoing, Borrower agrees that in the event any such proceeds are paid to him, he shall immediately remit such proceeds to the Holders. For the avoidance of doubt, Borrower agrees to pay the Monthly Amount in all events and without regard to (a) whether any insured under the Policies or the Additional Policies is living or deceased or (b) the amount of any Policy or Additional Policy proceeds allocable or distributable to him. Upon payment in full of this Note, the Security Interest in the Collateral shall automatically terminate.

Prepayment. The Borrower may prepay the outstanding principal amount of this Note, in

whole or in part, together with accrued and unpaid interest on the principal amount so prepaid, without premium, penalty or fee, at any time or times.

Events of Default. Each of the following events also shall constitute an "Event of Default":

(i) the Borrower fails to pay any amount due under this Note when that amount becomes payable or within ten (10) days thereafter or (ii) any representation of the Borrower in this Note or any other document delivered or statement made by the Borrower in connection with this Note proves to have been incorrect, incomplete or misleading in any material respect at the time it was made.

Consequences of Default. If an Event of Default has occurred, the Holders shall have all rights accorded them hereunder, and all rights of a secured party under applicable law, including, without limitation, the right to (a) take immediate possession of the Collateral, with or without legal process, (b) sell, lease or otherwise dispose of the Collateral, at public or private sale, with or without demand, advertisement or notice of the time or place of sale or adjournment thereof (all of which are hereby waived by the borrower and (c) control or manage the Collateral, including without limitation exercising all rights and powers of the Borrower relating to the Collateral. For the avoidance of doubt, the Collateral is Borrower's LLC Interest and not the Policies, and (i) nothing in this Note shall give the Holders any direct rights to take possession and/or dispose of any of the Policies, to the extent that such rights are not granted to the Borrower pursuant to the Operating Agreement of the LLC, and (ii) in the event that the Holders take possession of the Collateral, the terms of the Operating Agreement of the LLC will be binding upon the Holders in the same manner as they are binding upon the Borrower on the date such possession is taken. At the request of either of the Holders, the Borrower shall promptly execute and deliver all instruments of title and other documents as such Holder may deem necessary or advisable to permit the Holders or either of them to fully exercise its rights hereunder, and the Borrower hereby appoints each Holder his lawful attorney-in-fact for the execution of any and all such documents. Each right, power and remedy of the Holders with respect to the Collateral shall be cumulative and concurrent and shall be in addition to every other right, power or remedy, and the exercise or beginning of the exercise of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise of any or all such other rights, powers or remedies.

Waivers. The Borrower hereby waives, to the fullest extent permitted by law, presentment, demand, protest and notices, including, without limitation, notices of nonperformance, notices of protest, notices of nonpayment, notices of dishonor, notices of the delivery or acceptance of this Note, and notices of the existence, creation or incurrence of new or additional obligations of the Borrower to the Holders, and all other defenses which otherwise might be available. Borrower acknowledges that the Holders have been induced to agree to the loan evidenced by this Note by, among other things, the provisions of this provision. No delay or failure by either Holder to exercise any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Holders or either of them of any right or remedy shall preclude any other or further exercise thereof.

Non-Recourse. Notwithstanding anything to the contrary in this Note, the Borrower's liability

to the Holder under this Note shall be limited exclusively to the Collateral (including, without limitation and for the avoidance of doubt, the Borrower's rights and interests in the LLC and the Policies and proceeds thereof), and if any proceedings shall be brought to enforce the provisions of this Note, the Holders shall have recourse hereunder against the Borrower only to the extent of the Borrower's interest in the Collateral.

Assignment; Registration. This Note may not be assigned by the Borrower without the prior written consent of the Holders. Either Holder may assign or otherwise transfer this Note. This Note is a registered Note. Upon surrender of this Note for transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by either Holder or such Holder's attorney duly authorized, in writing, a new Note for the principal amount then owed to such Holder will be issued to the transferee. Prior to such surrender, the Borrower shall treat the person to whom such Note is issued as the owner thereof for the purpose of receiving payment and for all other purposes, and the Borrower will not be affected by any notice to the contrary.

Miscellaneous. All rights and remedies of the Holders under applicable law and this Note or amendment of any provision of this Note are cumulative and not exclusive. If a court deems any provision of this Note invalid, the remainder of the Note shall remain in effect.

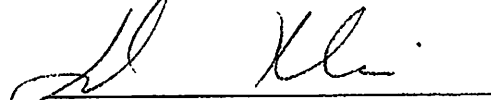
Notices. Any notice or demand hereunder shall be duly given if delivered or mailed to the Borrower at its address on page one of this Note. Such notice or demand shall be effective, if delivered, upon personal delivery or, if mailed, four business days after deposit in an official depository maintained by the United States Post Office for the collection of mail or one business day after delivery to a nationally recognized courier service for overnight delivery. Notice to the Borrower by e-mail is not valid notice under this Note.

Successors and Assigns. The Borrower's covenants and agreements contained in this Note shall inure to the benefit of the respective heirs, legal representatives, successors and assigns of the Holders.

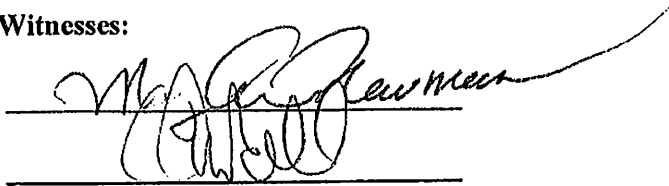
Governing Law; Jurisdiction. THIS NOTE HAS BEEN DELIVERED TO AND ACCEPTED BY HOLDER IN, AND WILL BE DEEMED TO BE MADE AND TO BE PERFORMED WHOLLY WITHIN, THE STATE OF CALIFORNIA, AND SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF SUCH STATE, EXCLUDING ITS CONFLICT OF LAWS RULES. BORROWER IRREVOCABLY CONSENTS TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN THE COUNTY AND CITY OF LOS ANGELES, STATE OF CALIFORNIA, IN CONNECTION WITH ANY ACTION OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS NOTE, AND HEREBY WAIVES THE RIGHT TO MOVE TO CHANGE VENUE OR ASSERT INCONVENIENT FORUM. IN ANY SUCH ACTION, BORROWER SHALL AND HEREBY IRREVOCABLY DOES WAIVE ANY RIGHT TO A TRIAL BY JURY. In any action or proceeding on or under this Note, the Borrower waives service of any summons, complaint or other process, and agrees that service thereof shall be deemed made when first received, by personal service, or after having been mailed by certified or registered mail, return receipt requested, and mailed to the last known address of the Borrower. The Borrower waives

(i) any right to assert any counterclaim or setoff or any defense based upon a statute of limitations, upon a claim of laches or any other legal theory; and (ii) its right to attack a final judgment that is obtained as a direct or indirect result of any action on or under this Note.

In addition, the Borrower agrees that (i) any action or proceeding on or under this Note may, in the sole discretion of either party, be brought by him to the Arbitrator (as hereinafter defined) and (ii) in such event the Borrower shall submit to binding arbitration by the Arbitrator who shall determine the matter. For all purposes under this Note, the "Arbitrator" shall be a Rabbi designated by Beis Din Machon L'hoyroa, Monsey, New York (which, for the avoidance of doubt, may include one of the Rabbis serving on said Beis Din).


Leslie Klein

Witnesses:



CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)

COUNTY OF LA)

On 12/1/2016 before me, Johnney Hong Notary Public Notary
Public,

Date

(here insert name and title of the officer)

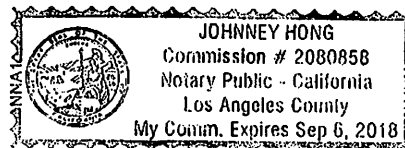
personally appeared LESLIE KLEIN
Leslie Klein

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: [Signature] (Seal)



Description of Attached Document

Title or Type of Document: _____ Number of Pages: _____

Document Date: _____ Other: _____

Exhibit 7

(UCC Financing Statement)

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
732-333-2385
B. E-MAIL CONTACT AT FILER (optional)
C. SEND ACKNOWLEDGMENT TO: (Name and Address)
Madison Title Agency, LLC 1125 Ocean Avenue Lakewood, NJ 08701 USA

DOCUMENT NUMBER: 60339280002
FILING NUMBER: 17-7576774324
FILING DATE: 03/23/2017 08:13

IMAGE GENERATED ELECTRONICALLY FOR WEB FILING
THE ABOVE SPACE IS FOR CA FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

OR	1a. ORGANIZATION'S NAME			
OR	1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
	KLEIN	LESLIE	MENACHEM	
1c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
322 NORTH JUNE STREET		LOS ANGELES	CA	90004
				COUNTRY
				USA

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

OR	2a. ORGANIZATION'S NAME			
OR	2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
				COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

OR	3a. ORGANIZATION'S NAME			
OR	3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
	GESTETNER	ANDOR		
3c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
1424 55TH STREET		BROOKLYN	NY	11219
				COUNTRY
				USA

4. COLLATERAL: This financing statement covers the following collateral:

All of the debtor's right, title and interest in and to Life Capital Group, LLC, a California limited liability company (the "Company"), pursuant to the Limited Liability Company Agreement of the Company, dated June 1, 2011, as it may be amended from time to time (the "LLC Agreement"), including any and all returns of capital, priority returns, profits, cash flow, net proceeds of capital transactions and all other rights to distributions of, from and with respect to the Company allocable to the debtor's interest in the Company under the LLC Agreement, and all other rights of the debtor under the LLC Agreement, and any and all proceeds of the foregoing.

5. Check only if applicable and check only one box: Collateral is ☐ held in a Trust (see UCC1Ad, Item 17 and instructions) ☐ being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:

☐ Public-Finance Transaction ☐ Manufactured-Home Transaction ☐ A Debtor Is a Transmitting Utility

6b. Check only if applicable and check only one box:

☐ Agricultural Lien ☐ Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): ☐ Lessee/Lessor ☐ Consignee/Consignor ☐ Seller/Buyer ☐ Bailee/Bailor ☐ Licensee/Licenser

8. OPTIONAL FILER REFERENCE DATA:

FILING OFFICE COPY



U210046603629



STATE OF CALIFORNIA
Office of the Secretary of State
UCC FINANCING STATEMENT (UCC 1)
California Secretary of State
1500 11th Street
Sacramento, California 95814
(916) 653-3516

For Office Use Only

-FILED-

File #: U210046603629

Date Filed: 5/14/2021

Submitter Information:

Contact Name	Jacob Unger
Organization Name	Law Office of Jacob Unger
Phone Number	(818) 960-0295
Email Address	junger@jacobungerlaw.com
Address	5404 WHITSETT AVE. SUITE 182 VALLEY VILLAGE, CA 91607

Debtor Information:

Debtor Name	Mailing Address
LESLIE KLEIN	14245 Ventura Blvd. Suite 301 Sherman Oaks, CA 91423

Secured Party Information:

Secured Party Name	Mailing Address
Andor Gestetner	1425 55th Street Brooklyn, NY 11219
GESTETNER CHARITABLE REMAINDER UNITRUST	Andor Gestetner 1425 55th Street Brooklyn, NY 11219
A. GESTETNER FAMILY TRUST	Andor Gestetner 1425 55th Street Brooklyn, NY 11219

Indicate how documentation of Collateral is provided:

Entered as Text

Description:

All right, title and interest in and to the Debtor's membership interest in Life Capital Group, LLC, a California limited liability company, and all Proceeds (as defined in the Uniform Commercial Code in effect in the State of California) therefrom.

Indicate if Collateral is held in a Trust or is being administered by a Decedent's Personal Representative:

Not Applicable

Select an alternate Financing Statement type:

Not Applicable

Select an additional alternate Financing Statement type:

Not Applicable

Select an alternative Debtor/Secured Party designation for this Financing Statement:

Not Applicable

Optional Filer Reference Information:

Miscellaneous Information:

Search to Reflect:

☐ Order a Search to Reflect

B0394-0050 05/14/2021 5:58 PM Received by California Secretary of State



Secretary of State

Business Programs Division

1500 11th Street, Sacramento, CA 95814

LAW OFFICE OF JACOB UNGER
JACOB UNGER
5404 WHITSETT AVE.
SUITE 182
VALLEY VILLAGE, CA 91607

May 14, 2021 5:58 PM
File No.: U210046603629

Lien Acknowledgment

This acknowledges the filing of the attached Lien document relevant to the information below. To access free copies of filed UCC documents, enter the File No. above in the Search module on the UCC Online web portal at bizfileonline.sos.ca.gov/search/ucc.

DEBTOR INFORMATION

Debtor Name: LESLIE KLEIN
Debtor Address: 14245 VENTURA BLVD.
SUITE 301
SHERMAN OAKS, CA 91423

SECURED PARTY INFORMATION

Secured Party Name: ANDOR GESTETNER
Secured Party Address: 1425 55TH STREET
BROOKLYN, NY 11219

Secured Party Name: GESTETNER CHARITABLE REMAINDER UNITRUST
Secured Party Address: 1425 55TH STREET
ANDOR GESTETNER
BROOKLYN, NY 11219

Secured Party Name: A. GESTETNER FAMILY TRUST
Secured Party Address: 1425 55TH STREET
ANDOR GESTETNER
BROOKLYN, NY 11219

FILING INFORMATION

Lien Type: UCC
Lien File No.: U210046603629
File Date: 5/14/2021 5:57 PM
Lapse Date: 5/14/2026 11:59 PM

Exhibit 8

(Lien Acknowledgment)

MEMORANDUM OF UNDERSTANDING

Reference is made to the Limited Liability Company Agreement of the LLC, dated as of June 1, 2011 (the "Operating Agreement"), a Non-Recourse Secured Promissory Note in the principal amount of \$9,630,000, dated September 1, 2016 (the "Promissory Note" evidencing the "Loan"), and the Supplement to Non-Recourse Secured Promissory Note and Assignment of Economic Rights, dated July 25, 2017 (the "Supplement").

Any capitalized terms used in this Agreement without definition shall have the meaning set forth in the Operating Agreement.

For good and valuable consideration, including their mutual promises herein, the parties hereby agree and acknowledge as follows:

a. Gestetner Lien on Klein's Interest in LLC. The LLC (i) consents to the creation of the Security Interest in Klein's interest in the LLC (the "Collateral") under the Promissory Note, and agrees to execute the attached "Joinder of the LLC" to the Promissory Note, (ii) agrees to cooperate with Gestetner in connection with the exercise of his rights under the Promissory Note in connection with the Collateral; (iii) agrees, until further notice from Gestetner, to pay all amounts distributable to Klein from the LLC to Gestetner; and (iv) agrees not to permit the Borrower to sell, assign or transfer, or further pledge or otherwise encumber, all or any portion of the Collateral without prior written notice to and the prior written consent of Gestetner, which consent may be granted or withheld in Gestetner's sole discretion.

b. Allocation of Proceeds of Policies. Section 4.3 of the Operating Agreement shall be construed to require that:

(i) Upon the receipt of proceeds from a Policy that is not a Non-Payment Policy, Rechnitz shall be repaid the Rechnitz Amount before Klein receives any distributions from the LLC.

(ii) The Rechnitz Amount, defined in Section 14.1 and 3.1 of the Operating Agreement, includes (i) Rechnitz's Initial Capital Contribution of \$3,800,000; (ii) the Priority Return on Rechnitz's Initial Capital Contribution; (iii) any additional Capital Contributions made by Rechnitz in respect of the policy at issue; and (iv) the Priority Return on any such additional Capital Contribution.



(iii) After Rechnitz is paid the Rechnitz Amount, Klein (and/or the Lenders listed on Schedule C of the Operating Agreement) shall be paid the Klein Amount (i.e., Klein's Capital Contributions made in respect of the policy at issue and the Priority Return on such Capital Contributions).

(iv) After Klein and/or the Lenders receive the Klein Amount, the LLC shall allocate and pay any remaining proceeds equally between and to Rechnitz and Klein (except to the extent that the payment to Klein is (i) reduced in order to maintain the Reserve Account balance or (ii) applied to the direct payment of premiums on the Marouthis Policies (as hereinafter defined), as herein provided).

c. Regular Reporting. The LLC shall provide to Gestetner (or his counsel) accurate and timely (at least quarterly) financial reporting with respect to the LLC, which reporting shall include (i) a current list of the life insurance policies held by the LLC (including any such policies held elsewhere but treated as between Rechnitz and Klein as held therein), (ii) information with respect to the collection, accounting and distribution of proceeds of same, and (iii) a current list of unpaid loans to which Schedule C of the Operating Agreement applies.

d. Schedule C Loans. The LLC confirms that the current balance of the loans listed on Schedule C of the Operating Agreement is \$_____. There shall be no other loans, or increases in loans, added to said Schedule C by or at the request of Klein or any other party.

e. Klein Agreements to Remain in Force. All of the terms of prior agreements signed by both Klein and Gestetner relating to the LLC and/or Klein's interest therein shall continue in full force and effect.

f. Successors and Assigns. Except as herein otherwise specifically provided, this Agreement shall be binding upon and inure to the benefit of the parties hereunder and their legal representatives, heirs, administrators, executors, successors and assigns.

g. Amendments. This Agreement may be modified or amended only with the written consent of all of the parties hereto.

h. Severability. If any provision, including any phrase, sentence, clause, section or subsection, of this Agreement is invalid, inoperative or unenforceable for any reason, such circumstance shall not have the effect of rendering such provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision herein contained invalid, inoperative or unenforceable to any extent whatsoever.

i. Headings. The headings contained in this Agreement are for purposes of convenience only and shall not affect the meaning or interpretation of this Agreement.

j. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED UNDER, THE LAWS OF THE STATE OF CALIFORNIA, WITH ALL RIGHTS AND REMEDIES BEING GOVERNED BY SAID LAWS.

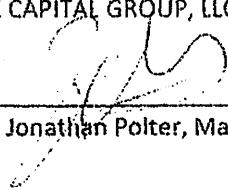
k. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and both of which together shall constitute one and the same instrument. A facsimile or PDF of an executed signature page hereto transmitted by any party hereto to any other party shall be deemed the execution and delivery of an original counterpart of this Agreement by such party.

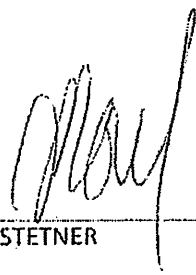

[signature page follows]

A handwritten signature in black ink, appearing to be "Alma", with a long vertical line extending downwards from the end of the signature.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement
to be executed and delivered on the day and year first above written.

LIFE CAPITAL GROUP, LLC

By: 
Jonathan Polter, Manager of LLC

 
ANDOR GESTETNER

Memorandum of
Understanding Life

Exhibit 9

(Sep. 15, 2016 Letter)

LAW OFFICES OF
**LES KLEIN &
ASSOCIATES, INC.**

A LAW CORPORATION

1424S Ventura Boulevard
3rd Floor
Sherman Oaks, CA
91423-2740

Tel (818) 501-2663
Fax (818) 783-5987

California Offices

Inglewood
Los Angeles
San Fernando Valley
San Gabriel
Sherman Oaks

National Offices

Baltimore, Maryland
Washington D.C.

E-MAIL

TO: i.morsel@dalidiamond. com

DATE: September 15, 2016

**FROM: LESLIE KLEIN & ASSOCIATES
LESLIE KLEIN**

REGARDING: BOZI

Enclosed herewith please find the final numbers.

TOTAL

Original funds received November 5, 2005.....	\$4,200,000
Interest earned in 2005 and 2006....	\$250,000
Additional funds received in 2007....	\$110,000
Interest earned in 2007...	\$500,000
Interest earned in 2008...	\$650,000
Interest earned in 2009...	\$650,000
Interest earned in 2010...	\$650,000
Interest earned in 2011...	\$650,000
Interest earned in 2012...(less distribution)	\$430,000
Interest earned in 2013.. (less distribution)	\$530,000
Interest earned in 2014.. (less distribution)	\$530,000
Interest earned in 2015.. (less distribution)	\$435,000
Interest earned in 2016..till September 1 st (less distribution)	\$45,000

\$9,630,000

Exhibit 10


(Supplement)

**SUPPLEMENT TO NON-RECOURSE SECURED PROMISSORY NOTE
AND
ASSIGNMENT OF ECONOMIC RIGHTS**

Date: July 25, 2017

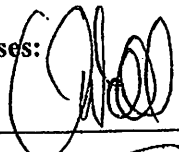
Reference is made to a **NON-RECOURSE SECURED PROMISSORY NOTE** (the "Note"), dated September 1, 2016, made by the undersigned, **LESLIE KLEIN** (the "Borrower"), having an office address of Leslie Klein and Associates, Inc., 14245 Ventura Boulevard, 3rd Floor, Sherman Oaks, California 91423-2740, in favor of **ANDOR GESTETNER**, an individual, and **GESTETNER CHARITABLE REMAINDER UNITRUST**, having an address of 1424 55th Street, Brooklyn, New York, 11219, or their respective registered assigns (each a "Holder" and together the "Holders"), in which the Borrower agreed to pay the principal sum of **\$9,630,000** plus interest thereon at the rate of **13% per annum** and other terms and conditions as stated in the Note. The loan evidenced by the Note is secured by a grant by the Borrower to the Holders of a security interest in the Borrower's interest (the "LLC Interest" or "Collateral") as a Member of **LIFE CAPITAL GROUP LLC** (the "LLC"), a California limited liability company formed on April 8, 2011, and operated pursuant to a Limited Liability Company Agreement dated as of June 1, 2011. Under the terms of the Note, the Borrower agreed to cooperate with the Holders to perfect the Holders' security interest in the Collateral, to achieve and maintain the priority of the Holders' security interest in the Collateral, and to maintain, preserve and protect the Collateral and the Holders' security interest therein. Notwithstanding the provisions of the Note and efforts of the Borrower and the Holders, the LLC will not agree to acknowledge the Holders' interests in the Collateral.


The Borrower agrees that until the Note has been paid in full, he will refrain from taking, directly or indirectly, any action that may adversely affect the value of the LLC Interest or the rights of the Holders therein pursuant to the Note. Specifically, and without limitation, the Borrower will not, without the advance written consent from Andor Gestetner, (i) direct the LLC to reduce or halt the distributions from the LLC to the Holders or (ii) assign, transfer, pledge, or otherwise dispose of or encumber all or any part of the LLC Interest. In addition, Borrower agrees to cooperate with either Holder's efforts to obtain information from the LLC about the life insurance policies held by the LLC and collection, distribution and accounting of proceeds thereof, and to send copies of all financial statements and/or other reports received by the Borrower from the LLC to Andor Gestetner at the address listed for the Holders above.



Leslie Klein

Witnesses:





A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

On July 25, 2017, before me, Arvin Dermehrabian, a Notary Public, personally appeared **LESLIE KLEIN** who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under **PENALTY OF PERJURY** under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

Signature: _____

NOTARY PUBLIC IN AND FOR SAID COUNTY

[SEAL]

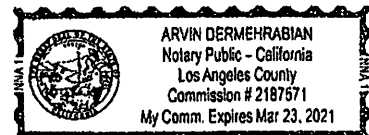


Exhibit 11

(MOU)

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (this "Agreement"), dated as of March 13, 2019, between and among Life Capital Group, LLC, a California Limited Liability Company (the "LLC"); Leslie Klein ("Klein") and Shlomo Rechnitz ("Rechnitz", by Jonathan Polter on his behalf), individually and as members of the LLC; and Andor Gestetner, individually and on behalf of his designees ("Gestetner").

Reference is made to the Limited Liability Company Agreement of the LLC, dated as of June 1, 2011 (the "Operating Agreement"), a Non-Recourse Secured Promissory Note in the principal amount of \$9,630,000, dated September 1, 2016 (the "Promissory Note" evidencing the "Loan"), and the Supplement to Non-Recourse Secured Promissory Note and Assignment of Economic Rights, dated July 25, 2017 (the "Supplement").

Reference is also made to (a) the original principal amount of the Promissory Note which consisted of (i) an original loan of \$4,200,000 made on November 5, 2005 ("Gestetner's Original Investment") and (ii) accrued and unpaid interest of \$5,430,000 through the date of the Promissory Note ("Unpaid Gestetner Return on Investment"), and (b) the unpaid accrued interest on the Promissory Note, for the period from September 1, 2016 through February 28, 2019 totaling \$3,125,000 ("Frozen Accrued Interest").

Any capitalized terms used in this Agreement without definition shall have the meaning set forth in the Operating Agreement.

For good and valuable consideration, including their mutual promises herein, the parties hereby agree and acknowledge as follows:

a. Allocation of Proceeds of Policies. Section 4.3 of the Operating Agreement shall be construed to require that:

(i) Upon the receipt of proceeds from a Policy that is not a Non-Payment Policy, Rechnitz shall be repaid the Rechnitz Amount before Klein receives any distributions from the LLC.

(ii) The Rechnitz Amount, defined in Section 14.1 and 3.1 of the Operating Agreement, includes (i) Rechnitz's Initial Capital Contribution of \$3,800,000; (ii) the Priority Return on Rechnitz's Initial Capital Contribution; (iii) any additional Capital Contributions made by Rechnitz in respect of the policy at issue; and (iv) the Priority Return on any such additional Capital Contribution.

(iii) After Rechnitz is paid the Rechnitz Amount, Klein (and/or the Lenders listed on Schedule C of the Operating Agreement) shall be paid the Klein Amount (i.e., Klein's Capital Contributions made in respect of the policy at issue and the Priority Return on such Capital Contributions).

(iv) After Klein and/or the Lenders receive the Klein Amount, the LLC shall allocate and pay any remaining proceeds equally between and to Rechnitz and Klein (except to the extent that the payment to Klein is (i) reduced in order to maintain the Reserve Account balance or (ii) applied to the direct payment of premiums on the Marouthis Policies (as hereinafter defined), as herein provided).

b. Correction of Prior LLC Allocations and Distributions: Regular Reporting. The proceeds of life insurance received by the LLC to date were not correctly allocated and distributed in accordance with Section 1.a. of this Agreement and, accordingly, the LLC's accounting records and the improper distributions to the date hereof will be corrected by the Manager, in both cases pursuant to Section 1.a. of this Agreement, as quickly as possible. Computations of the corrected amounts shall be provided to Klein and Gestetner within ten (10) of the date hereof. In addition, the LLC shall provide to Gestetner (or his counsel) accurate and timely (at least quarterly) financial reporting with respect to the LLC, which reporting shall include (i) a current list of the life insurance policies held by the LLC (including any such policies held elsewhere but treated as between Rechnitz and Klein as held therein), (ii) information with respect to the collection, accounting and distribution of proceeds of same, and (iii) a current list of unpaid loans to which Schedule C of the Operating Agreement applies.

c. Klein to Purchase and Maintain Marouthis Life Insurance Policies. As partial repayment of the original principal amount of the Loan and as security for the repayment of the Loan, Klein shall:

(i) purchase at his own expense variable universal life insurance policy numbers 610073860 and 610074991, both issued by Security Life of Denver Insurance Company (the "Insurance Company") and insuring the life of Carol Ann Marouthis (the "Marouthis Policies"), from the current owner thereof, at the estimated price of \$550,000,

(ii) name Gestetner (or his designee) as the owner of the Marouthis Policies with all rights of ownership,

(iii) pay all periodic premiums required to maintain the Marouthis Policies until maturity, except to the extent prepaid as per (c)(iv) below, and in furtherance of the foregoing the LLC is hereby directed to pay \$100,000, out of Klein's share of the proceeds received from each Policy, to the Insurance Company,

(iv) pay the sum of \$100,000 to the Insurance Company to cover the periodic premiums for the next two (2) years, and

(v) simultaneously with the execution of this Agreement, deposit the cash sum of \$650,000 with Poel Capital (an entity managed by Jonathan Polter), to be held in escrow and applied to the transactions described in (c)(i) and (c)(iv) above.

d. Monthly Loan Payments by Klein. Klein agrees to continue to make monthly Loan payments of \$14,000 to Gestetner (or to Gestetner's designee) by wire transfer on the first day of every month until the Loan has been repaid in full, provided, however, that in the event that Gestetner shall have received from the LLC the aggregate sum of \$750,000, as a result of the addition of the Unpaid Gestetner Return on Investment to Schedule C of the Operating Agreement (as hereinafter provided), within 12 months from the date hereof (and provided that Klein shall be performing all of his obligations under this Agreement), Gestetner agrees that Klein may discontinue the monthly Loan payments under this paragraph.

e. Reduction of Total Balance of Loan. Provided that Klein shall perform all of his obligations under this Agreement, Gestetner agrees to reduce the total balance due under the Loan from the sum of \$12,755,000 to \$9,300,000. The agreed reduction shall effectively decrease the aggregate sum of the Unpaid Gestetner Return on Investment and the Frozen Accrued Interest from \$8,555,000 to \$5,100,000. The \$4,200,000 amount of Gestetner's Original Investment shall not be affected by said reduction.

f. Freezing of Accrued Interest on Loan. Gestetner agrees to freeze the accumulation of interest on the Loan (the "Interest Freeze") as of the date hereof, and no additional interest shall accrue on the Loan, provided that Klein shall perform all of his obligations under this Agreement.

g. Schedule C Loan. The parties agree to add the sum of \$2,000,000 of the Unpaid Gestetner Return on Investment to Schedule C of the Operating Agreement, to be repaid in accordance with the terms thereof. There shall be no other loans added to said Schedule C by or at the request of Klein. Upon payment by the LLC to Gestetner of the aggregate sum of \$2,000,000, the LLC shall be entitled to set aside from additional funds allocable to Klein for the Reserve Account, up the total amount required under the terms of the Operating Agreement. Subject to the foregoing, upon the full funding of the Reserve Account and provided that the Loan has not yet been fully repaid, the then outstanding Loan balance (but in no event a sum greater than \$2,500,000) shall be added to Schedule C of the Operating Agreement, thereafter to be repaid in accordance with the terms thereof.

h. Supplement to Remain in Force. All of the terms of the Supplement for the assignment of income from the LLC to Gestetner until the Loan is fully repaid, shall continue in full force and effect.

i. Breach by Klein. In the event that Klein breaches any of his obligations to Gestetner under this Agreement, the Interest Freeze is cancelled and the entire Loan (including principal and all accumulated interest thereon without regard to a freeze) shall immediately be due and payable by Klein to Gestetner.

j. Each payment received by Gestetner (or his designee) pursuant to the terms of this Agreement, including proceeds of the Marouthis Policies or distributions

from the LLC, shall be applied to reduce the Loan (to the extent reduced as hereinabove provided), in the following order of priority:

(i) first, to Gestetner's Original Investment until it shall be reduced to zero,

(ii) next, to reduce the Unpaid Gestetner Return on Investment until it shall be reduced to zero,

(iii) third, to reduce the Frozen Accrued Interest until it shall be reduced to zero.

k. Amendment of Prior Agreements. The Operating Agreement, Promissory Note and Supplement are hereby deemed amended by the terms of this Agreement.

l. Successors and Assigns. Except as herein otherwise specifically provided, this Agreement shall be binding upon and inure to the benefit of the parties hereunder and their legal representatives, heirs, administrators, executors, successors and assigns.

m. Amendments. This Agreement may be modified or amended only with the written consent of all of the parties hereto.

n. Severability. If any provision, including any phrase, sentence, clause, section or subsection, of this Agreement is invalid, inoperative or unenforceable for any reason, such circumstance shall not have the effect of rendering such provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision herein contained invalid, inoperative or unenforceable to any extent whatsoever.

o. Headings. The headings contained in this Agreement are for purposes of convenience only and shall not affect the meaning or interpretation of this Agreement.

p. Governing Law. **THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED UNDER, THE LAWS OF THE STATE OF CALIFORNIA, WITH ALL RIGHTS AND REMEDIES BEING GOVERNED BY SAID LAWS.**

q. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. A facsimile or PDF of an executed signature page hereto transmitted by any party hereto to any other party shall be deemed the execution and delivery of an original counterpart of this Agreement by such party.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement
to be executed and delivered on the day and year first above written.

LIFE CAPITAL GROUP, LLC

By: 

Jonathan Polter, Manager

By: 

Leslie Klein, Member

By: 

Shlomo Rechnitz, Member, by Jonathan
Polter on his behalf


LESLIE KLEIN


SHLOMO RECHNITZ, BY JONATHAN
POLTER ON HIS BEHALF

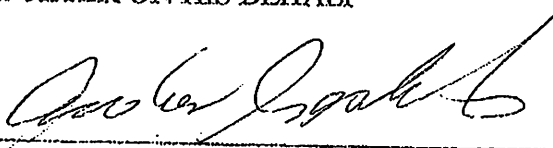

ANDOR GESTETNER

Exhibit 12

(Payments Summary)

Bankruptcy Estate of Leslie Klein

Transaction Analysis: Gestetner

Les Klein & Associates, Inc. Trust Account Ending in 9404

Time Period: September 1, 2016 through April 30, 2023

Tab No.	Ck. No.	Clear Date	Name	Disbursement Amount
1	14600	09/08/16	Andor Gestetner	(10,000.00)
2	14644	10/14/16	Andor Gestetner	(10,000.00)
3	14680	11/22/16	Andor Gestetner	(10,000.00)
4	14730	12/27/16	Andor Gestetner	(10,000.00)
5	14786	01/13/17	Andor Gestetner	(10,000.00)
6	14838	02/07/17	Andor Gestetner	(10,000.00)
7	14889	03/08/17	Andor Gestetner	(10,000.00)
8	14939	04/24/17	Andor Gestetner	(10,000.00)
9	14990	05/09/17	Andor Gestetner	(10,000.00)
10	15031	06/21/17	Andor Gestetner	(10,000.00)
11	15072	07/10/17	Andor Gestetner	(10,000.00)
12	15126	08/14/17	Andor Gestetner	(10,000.00)
13	15151	09/12/17	Andor Gestetner	(10,000.00)
14	15176	10/18/17	Andor Gestetner	(10,000.00)
15	15221	11/30/17	Andor Gestetner	(10,000.00)
16	15337	01/11/18	Andor Gestetner	(10,000.00)
17	15375	02/13/18	Andor Gestetner	(10,000.00)
18	15418	03/08/18	Andor Gestetner	(10,000.00)
19	15461	04/12/18	Andor Gestetner	(10,000.00)
20	15509	05/09/18	Andor Gestetner	(10,000.00)
21	15550	06/11/18	Andor Gestetner	(2,000.00)
22	15587	07/11/18	Andor Gestetner	(10,000.00)
23	15639	08/27/18	Andor Gestetner	(10,000.00)
24	15683	09/13/18	Andor Gestetner	(10,000.00)
25	15717	10/15/18	Andor Gestetner	(10,000.00)
26	15615	11/13/18	Andor Gestetner	(10,000.00)
27	15779	12/11/18	Andor Gestetner	(10,000.00)
28	15832	01/22/19	Andor Gestetner	(14,000.00)
29	15863	02/21/19	Andor Gestetner	(14,000.00)
30	15897	03/13/19	Andor Gestetner	(14,000.00)
31	15930	04/11/19	Andor Gestetner	(14,000.00)
32	15978	05/09/19	Andor Gestetner	(14,000.00)
33	16017	06/12/19	Andor Gestetner	(14,000.00)
34	16045	07/09/19	Andor Gestetner	(14,000.00)
35	16098	08/12/19	Andor Gestetner	(14,000.00)
36	16141	09/12/19	Andor Gestetner	(14,000.00)
37	16158	10/10/19	Andor Gestetner	(14,000.00)
38	16201	11/12/19	Andor Gestetner	(14,000.00)
39	16241	12/12/19	Andor Gestetner	(14,000.00)
40	16272	01/15/20	Andor Gestetner	(14,000.00)

Bankruptcy Estate of Leslie Klein

Transaction Analysis: Gestetner

Les Klein & Associates, Inc. Trust Account Ending in 9404

Time Period: September 1, 2016 through April 30, 2023

Tab No.	Ck. No.	Clear Date	Name	Disbursement Amount
41	16296	02/18/20	Andor Gestetner	(14,000.00)
42	16069	03/20/20	Andor Gestetner	(14,000.00)
43	16358	04/21/20	Andor Gestetner	(14,000.00)
44	16376	05/14/20	Andor Gestetner	(14,000.00)
45	16421	06/15/20	Andor Gestetner	(14,000.00)
46	16441	07/10/20	Andor Gestetner	(14,000.00)
47	16495	08/17/20	Andor Gestetner	(14,000.00)
48	16535	09/21/20	Andor Gestetner	(14,000.00)
49	16557	10/14/20	Andor Gestetner	(14,000.00)
50	16628	11/25/20	Andor Gestetner	(14,000.00)
51	16681	12/16/20	Andor Gestetner	(14,000.00)
52	16694	01/19/21	Andor Gestetner	(14,000.00)
53	16714	02/04/21	Andor Gestetner	(10,000.00)
54	16724	02/18/21	Andor Gestetner	(14,000.00)
55	16656	03/25/21	Andor Gestetner	(14,000.00)
56	16741	04/26/21	Andor Gestetner	(14,000.00)
57	16832	05/20/21	Andor Gestetner	(14,000.00)
58	16813	07/08/21	Andor Gestetner	(14,000.00)
59	16859	07/30/21	Andor Gestetner	(14,000.00)
60	16900	08/26/21	Andor Gestetner	(14,000.00)
61	16924	09/30/21	Andor Gestetner	(14,000.00)
62	16983	11/24/21	Andor Gestetner	(14,000.00)
63	17069	01/14/22	Andor Gestetner	(17,500.00)
64	17063	01/20/22	Andor Gestetner	(14,000.00)
65	17099	02/28/22	Andor Gestetner	(14,000.00)
66	17146	03/28/22	Andor Gestetner	(14,000.00)
67	17162	04/04/22	Andor Gestetner	(17,500.00)
68	17175	04/11/22	Andor Gestetner	(14,000.00)
69	17195	05/17/22	Andor Gestetner	(14,000.00)
70	17232	07/12/22	Andor Gestetner	(14,000.00)
71	17244	07/29/22	Andor Gestetner	(17,500.00)
72	17233	08/01/22	Andor Gestetner	(14,000.00)
73	17257	08/30/22	Andor Gestetner	(14,000.00)
74	17270	09/28/22	Andor Gestetner	(14,000.00)
75	17293	11/07/22	Andor Gestetner	(14,000.00)
76	17312	12/30/22	Andor Gestetner	(14,000.00)
77	17302	01/05/23	Andor Gestetner	(14,000.00)
78	17326	01/18/23	Andor Gestetner	(17,500.00)
Sub-total				(986,000.00)

Bankruptcy Estate of Leslie Klein

Transaction Analysis: Gestetner

Les Klein & Associates, Inc. Trust Account Ending in 9404

Time Period: September 1, 2016 through April 30, 2023

Tab No.	Ck. No.	Clear Date	Name	Disbursement Amount
79	16964	11/03/21	Endine Gestetner	(17,500.00)
80	17412	04/14/23	Endine Gestetner	(17,500.00)
			Sub-total	<u>(35,000.00)</u>
81	16700	01/21/21	Erica Gestetner	(7,500.00)
82	16747	04/06/21	Erica Gestetner	(17,500.00)
83	16862	07/21/21	Erica Gestetner	(17,500.00)
			Sub-total	<u>(42,500.00)</u>
84	16953	10/25/21	Gestetner Trust	(14,000.00)
85	17028	12/22/21	Gestetner Trust	(14,000.00)
			Sub-total	<u>(28,000.00)</u>
			Grand Totals	<u><u>\$ (1,091,500.00)</u></u>

Exhibit 13

(Claim Summary)

Bankruptcy Estate of Leslie Klein

Gestetner Proofs of Claim (POC 29 & 30)

	POC As Filed [1]	Trustee Adjustments	Trustee POC Value
Secured Claim [2]			
Sept. 1, 2016 Promissory Note	9,630,000		\$ 9,630,000
Interest	8,352,955		8,352,955
Less: Disbursements since Sept. 1, 2016		\$ (1,091,500)	(1,091,500) [3]
Total Secured Claim	17,982,955	(1,091,500)	16,891,455

[1] Both Gestetner claims were filed for the same amount and for the same basis. Only one claim is to be allowed.

[2] Claim secured by UCC filings dated March 23, 2017 and renewed May 14, 2021

[3] DSI review of payments made to Gestetner parties between September 1, 2016 and the petition date

Exhibit 14

(Timeline)

Bankruptcy Estate of Leslie Klein

Gestetner Proofs of Claim (POC 29 & 30)

Loan History

Activity	Date	Amount	Loan Balance	Source
Initial Investment				
Initial Funds November 5, 2005	11/05/05	4,200,000	4,200,000	[1] [2] [3]
Interest from 2005 and 2006	12/31/06	250,000	4,450,000	[3]
Additional Funds Contributed in 2007	12/31/07	110,000	4,560,000	[3]
Interest earned in 2007	12/31/07	500,000	5,060,000	[3]
Interest earned in 2008	12/31/08	650,000	5,710,000	[3]
Interest earned in 2009	12/31/09	650,000	6,360,000	[3]
Interest earned in 2010	12/31/10	650,000	7,010,000	[3]
Interest earned in 2011	12/31/11	650,000	7,660,000	[3]
Interest earned in 2012 (less distribution)	12/31/12	430,000	8,090,000	[3]
Interest earned in 2013 (less distribution)	12/31/13	530,000	8,620,000	[3]
Interest earned in 2014 (less distribution)	12/31/14	530,000	9,150,000	[3]
Interest earned in 2015 (less distribution)	12/31/15	435,000	9,585,000	[3]
Interest earned in 2015 to Sept. 1, 2016 (less distribution)	09/01/16	45,000	9,630,000	[3]
Promissory Note				
Face Value of Promissory Note	09/01/16		9,630,000	[4]
Interest from Sept.1, 2016 to Feb. 28, 2019	02/28/19	3,125,000	12,755,000	[1]
Reduction of Total Balance of Loan	03/13/19	(3,455,000)	9,300,000	[1]
Klein BK Causes Default				
Interest from March 1, 2019 to February 22, 2023	02/22/23	5,227,955	14,527,955	[1]
Cancel of Interest Freeze due to Default	02/22/23	3,455,000	17,982,955	[1]
Less: Disbursements since Sept. 1, 2016		(1,091,500)	16,891,455	[5]

[1] Memorandum of Understanding dated March 13, 2019

[2] October 2005 bank statement for the Les Klein & Associates Bank of America account ending -9404 that shows a wire of \$3,659,507.10 received on October 11, 2005, the Gestetner Ledger showing this amount being wired to Leslie Klein on the same date, and a deposit of \$608,000.00 received on October 14, 2005 into the -9404 account. The sum of the above deposits into the LKA account match the Dec. 1, 2005 Letter that the Debtor acknowledged the Gestetners invested with Klein.

[3] See the Sept. 15, 2016 showing interest accrual from the \$4,200,000 principal amount to the \$9,630,000 promissory note amount

[4] See Note, dated Septeber 1, 2016

[5] DSI review of payments made to Gestetner parties between September 1, 2016 and the petition date